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No. 07-

IN THE

Supreme Court of the United States

MARY J. BLIGE, BRUCE MILLER, RONALD LAWRENCE, DANA STINSON, AUSAR MUSIC, MARY J. BLIGE PUBLISHING, BRUCE MILLER PUBLISHING, MARY J. BLIGE MUSIC, DAYNA S. DAY PUBLISHING, WARNER-TAMERLANE PUBLISHING CORP., UMG RECORDINGS, INC., UNIVERSAL STUDIOS, INC., UNIVERSAL MUSIC PUBLISHING, INC., and UNIVERSAL MUSIC & VIDEO DISTRIBUTION CORP.,

Petitioners,

v.

SHARICE DAVIS,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

(1) Whether, absent an act of Congress, the statutory right of a copyright owner to freely alienate a copyright may be curtailed by prohibiting assignments or licenses that impact a co-owner's accrued infringement claim.

(2) Whether the statutory right of a copyright owner to memorialize a prior oral transfer of copyright can be invalidated by a co-owner, who is not a party to the transfer.

STATEMENT PURSUANT TO RULE 29.6

Petitioner Mary J. Blige Music has no parent corporations, and no publicly-held entity owns ten percent or more of its stock.

Petitioner UMG Recordings, Inc. (incorrectly sued herein as Universal Music Group, Inc. and MCA Records, Inc.), Universal Music Publishing, Inc. (incorrectly sued herein as Universal Music Publishing Group and Universal-MCA Music Publishing) and Universal Music & Video Distribution Corp. are direct subsidiaries of PolyGram Holding, Inc., which is a direct subsidiary of Universal Music Group, Inc., which is an indirect subsidiary of Vivendi Universal, S.A., a French publicly traded corporation.

Petitioner Universal Studios, Inc. is indirectly owned by NBC Universal, Inc., a non-public entity. NBC Universal, Inc. is indirectly owned by the General Electric Company and Vivendi Universal, S.A., both publicly traded entities.

Petitioner Warner Tamerlane Publishing Corp.'s (incorrectly sued herein as Warner-Tamerlane Music Publishing Corp.) ultimate parent corporation is Warner Music Group Corp., a publicly-held entity. No publicly-held entity owns ten percent or more of the stock in Warner Music Group Corp.

Petitioner Dayna's Day Publishing has no parent corporations, and no publicly-held entity owns ten percent or more of its stock.

Petitioner Ausar Music Publishing, Ltd. has no parent corporations, and no publicly-held entity owns ten percent or more of its stock.

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Petitioners respectfully jointly petition for a writ of *certiorari* to review the order of the United States Court of Appeals for the Second Circuit, which was entered on October 5, 2007.

OPINIONS BELOW

The opinion of the Court of Appeals is reported at 505 F.3d 90 (2d Cir. 2007) (App. A). The opinion of the United States District Court for the Southern District is reported at 419 F. Supp.2d 493 (S.D.N.Y. 2005) (App. B).

JURISDICTION

The order of the Court of Appeals was entered on October 5, 2007. Petitioners timely filed a petition for rehearing and suggestion for rehearing *en banc* with the Court of Appeals. The petition was denied on March 4, 2008 (App. C). This Court has jurisdiction to review the judgment of the Court of Appeals by writ of *certiorari* pursuant to 28 U.S.C. §1254(1).

CONSTITUTIONAL PROVISION AND STATUTES

Article I, §8, cl. 8 of the United States Constitution provides that Congress is empowered:

> To promote the progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

Section 201(a) of the Copyright Act, 17 U.S.C. §201(a), provides, in pertinent part:

> The authors of a joint work are coowners of copyright in the work.

Section 201(d)(1) of the Copyright Act, 17 U.S.C. §201(d)(1), provides:

> The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law, and may be bequeathed by will or pass as personal property by the applicable laws of intestate succession.

Section 204(a) of the Copyright Act, 17 U.S.C. §204(a), provides:

> A transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent.

STATEMENT OF THE CASE

The Court of Appeals reversed summary judgment, entered by the District Court, dismissing an action brought by Sharice Davis, which alleged that two musical compositions, "LOVE" and "Keep It Moving" (the "Album Compositions"), recorded by renowned artist Mary J. Blige, A.4,[1] and contained on the *No More Drama* album (the "Blige Album"), infringed Davis' purported copyrights in two musical compositions in which she claimed original authorship (the "Disputed Compositions"). The named petitioning authors of the allegedly infringing compositions are Blige, Bruce Miller (Blige's half brother), Ronald Lawrence (identified as a co-writer of "LOVE" only), and Dana Stinson (identified as a co-writer of "Keep It Moving" only). Kwame Holland is also a co-writer of both infringing compositions, but is a non-appearing named party to this proceeding.

The Court of Appeals broadly ruled that assignments or licenses of copyrights can only operate prospectively if they impact the accrued infringement claims of co-owners (whether known or unknown). The opinion is manifestly inconsistent with the free and unfettered alienability of copyright interests provided by the Copyright Act of 1976 ("Act") and its legislative history. It materially distorts the legislative scheme created by Congress by changing the nature of the relationship between co-owners, diminishes the value of copyright ownership, introduces great uncertainty in the marketplace for copyrighted material of every kind, and undermines a copyright owner's ability to settle infringement claims.

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1. References to the Appendix to this petition are referred to herein as "A.__."

The Court of Appeals' opinion also curtails the statutory right of copyright owners to memorialize prior oral transfers, subordinating this well-recognized right to the veto power of a co-owner, who possesses an accrued infringement claim.

Such radical judicial reconfigurations of the rights of copyright owners to transfer their rights contravene legislative intent and should be undertaken, if at all, by Congress.

1. Summary of Relevant Facts

This case arises from the 2001 commercial release of the Blige Album on which Blige was the solo artist. Davis alleges in her complaint that the song "LOVE" is virtually identical to her composition "L.O.V.E.," and that the song "Keep It Moving" is strikingly similar to her composition, "Don't Trade in My Love."

Davis registered the Disputed Compositions with the Copyright Office only after the commercial release of the Blige Album. In those registrations, Davis identified non-party Bruce Chambliss as her co-author, a fact that she did not disclose in her complaint. Chambliss is Miller's natural father and Blige's stepfather.

Chambliss testified that he wrote the Disputed Compositions by himself. He further testified that before the release of the allegedly infringing works he orally assigned all of the musical works he created to his son, including the Disputed Compositions. A.47. Chambliss testified that it was his intention that his son be free to use and exploit those compositions. A.7.

Using the Disputed Compositions, Miller created the Album Compositions in collaboration with Blige, Lawrence, Holland and Stinson. Miller admittedly did not disclose to his co-writers that his father had originally authored the Disputed Compositions. A.48.

Miller entered into an exclusive songwriter and co-publishing agreement with Universal Tunes to furnish his songwriting services. He also granted to Universal Tunes one-half of his interests in all musical compositions that he wrote, composed, created, owned, controlled or acquired. Miller delivered his interests in the Album Compositions to Universal Tunes, and along with the other co-owners, issued a mechanical license to MCA Records to permit the exploitation of the Album Compositions.

In 2004, while the Davis lawsuit was pending, Chambliss formalized his prior oral transfers of the Disputed Compositions to Miller by executing written assignments transferring those compositions, thereby fully complying with the formalities of a transfer of copyright ownership under the Act. The written assignments expressly state that they were effective as of the date Chambliss created the Disputed Compositions. A.9-10.

2. The District Court Opinion

On defendants' motion for summary judgment, the district court found a triable issue of fact with respect to the oral transfer of copyrights made by Chambliss to his son. However, in granting summary judgment dismissing the complaint, the district court ruled that "there exists no genuine issue as to the intent of co-author Chambliss to transfer his rights to Miller, nor his realization of this intent in the Written Assignments," A.50, which were a "complete and total assignment." A.52.

The district court explained that "[w]here there is no dispute between transferor and transferee of a copyright as to the validity of the transfer, such a transfer has been consistently upheld. This is the case even where the license or transfer takes place after the institution of an action for copyright infringement and, indeed, even where the plaintiff in the action is the other co-owner of the copyright and the retroactive license or transfer by one co-owner serves to bar the infringement claim of the other co-owner." A.50.

Relying on the well-established principle that a co-owner of a copyright "has a legal right to grant a license in a work without another co-owner's permission or to transfer his rights in the copyright freely," A.52, the district court held that "Davis' status as joint owner with Chambliss, who in turn transferred his interests to Miller, bars her from stating a claim for copyright infringement against Miller, or any of the other defendants, his licensees." A.53.

3. The Court of Appeals Opinion

In vacating the judgment and remanding the case to the district court, the Court of Appeals ruled that an owner of a copyright cannot transfer his ownership interest in a work, or even grant a non-exclusive license to exploit a work, if such action discharges the accrued copyright infringement claim of a co-owner.

However, the central issue on appeal was not whether a copyright owner can issue a retroactive non-exclusive license to settle an infringement claim, but whether there are any restrictions on the rights of a copyright owner to transfer his ownership interest in a work. Pursuant to the Act, its legislative history and prior decisions of this Court, the answer to that questions is "no."

Judicially replacing the statutory scheme governing the rights of co-owners of copyrights with misplaced and inapposite concepts from contract, property, tort and patent law, the Court of Appeals broadly ruled "that a license or assignment in copyright can only act prospectively." A.28. The court below elevated the accrued rights of a co-owner to assert a copyright infringement claim over the right of other co-owners to freely alienate their property. It thus held that a co-owner of copyright cannot independently transfer a copyright interest in a way that would release or settle an accrued claim of copyright infringement.

While the district court found a triable issue of fact whether Chambliss orally assigned to Miller the Disputed Compositions, the Court of Appeals concluded

that even if an oral agreement were reached, it could not be retroactively ratified by a subsequent written agreement if it would discharge an accrued infringement claim of a co-owner. A.36.

REASONS FOR GRANTING THE PETITION

I. THE COURT SHOULD SAFEGUARD THE FREE AND UNFETTERED ALIENABILITY OF COPYRIGHT AS CREATED BY CONGRESS

The rights afforded to owners of copyright are "wholly statutory" and dependent upon the acts of Congress passed pursuant to the authority conferred under Article I, §8, cl. 8 of the United States Constitution. *Bobbs-Merrill Co. v. Straus*, 210 U.S. 339, 346 (1908). Despite the Court of Appeals' reliance on contract, property and tort concepts, the right of ownership in copyright "does not exist at common law – it originated, if at all, under the acts of congress." *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 663-64 (1834). The parameters of the right must be found within the Act itself, for "it is for Congress, not the courts, to decide how best to pursue the Copyright Clause's objectives." *Eldred v. Ashcroft*, 536 U.S. 186, 211 (2003). The disposition of this lawsuit rests solely on the copyright statute as enacted by Congress.

This Court expressly addressed the deference courts should provide to the will of Congress expressed in the Act in *Stewart v. Abend*, 495 U.S. 207, 216 (1990). There, the Court rejected an effort to "read into the Copyright Act a limitation on the statutorily created rights of the owner" concerning the application of

renewal rights to derivative works, finding "no support for such a curtailment of rights" in the Act or its legislative history. *Id.* at 222. The Court of Appeals' "curtailment of rights" of copyright assignment and licensing is likewise an intrusion on the statutorily created rights of copyright owners, which lacks support in the Act and its legislative history.

Two clearly stated principles of the statutory copyright scheme compel reversal of the decision below. First, pursuant to §201(a) of the Act, "authors of a joint work are coowners of copyright in the work." According to the Act's legislative history, co-owners are to be treated "as tenants in common, with each coowner having an independent right to use or license the use of a work, subject to a duty of accounting to the other co-owners for any profits." H.R. Rep. No. 94-1476 at 121 (1976).

Second, as Congress provided in §201(d)(1) of the Act, each owner is free to alienate his or her entire ownership interest: "The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law. . . ."[2] Where the Act imposes conditions on a copyright owner's freedom to transfer ownership, it does so expressly in the statute. 17 U.S.C. §§106A(e), 203(a)(5), 204(a) and 304(c).

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2. A copyright transfer is broadly defined as "an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright." 17 U.S.C. §101.

The Act's legislative history underscores Congress' intent to grant a copyright owner the free and unfettered right to exploit and alienate his property: "The principle of unlimited alienability of copyright is stated in clause (1) of section 201(d)." H.R. Rep. No. 94-1476, 123 (1976); S. Report No. 94-473, 106 (1975). As Professor Nimmer explains: "In the absence of an agreement to the contrary, one joint owner may always transfer his interest in the joint work to a third party, subject only to the general requirements of a valid transfer of copyright." 1 Melvin B. Nimmer & David Nimmer, Nimmer on Copyright §6.11 (2005). Strikingly, while fashioning new rules restricting an owner's freedom to exploit or transfer copyright, the Court of Appeals never discussed §201(d)(1) of the Act or its legislative history.

As noted above, the fundamental principle of co-ownership under the statutory copyright scheme is that co-owners of copyright can freely and independently exploit their joint work, subject only to the duty to account to each other for profits from the exploitation. *Aalmuhammed v. Lee*, 202 F.3d 1227 (9th Cir. 2000); *Thomson v. Larson*, 147 F.3d 195, 199 (2d Cir. 1998). The Court of Appeals, however, has re-set the balance of rights between co-owners from that set by Congress based on a subjective perception that the obligation of joint owners to account to each other from non-exclusive exploitations is an insufficient substitute for the remedies available in an action for copyright infringement. A.34.

Consistent with the congressional intent that co-owners of copyright can act independently to exploit the work, a "joint owner is not required to join his other co-owners in an action for infringement," A.16, *citing* 17 U.S.C. §501(b). An action for copyright infringement is not among the "exclusive rights" of copyright enumerated in §106 of the Act. *Silvers v. Sony Pictures Entertainment*, 402 F.3d 881, 884 (9th Cir. 2005). Exclusive rights of copyright can only be conveyed by all joint owners, A.18-19, because an independent exercise of such rights by one co-owner would impair the value of the copyright.

In addition to judicially amending the statutory right of each co-owner to exploit the work, the Court of Appeals has created a judicial exception to the right of a co-owner to freely alienate his copyright property. It has legislated a new quasi-exclusive right by which a co-owner now has the power to block the other co-owner from alienating his ownership interest, except prospectively. The Court of Appeals rewrites the Act by exalting the right to maintain an action for an accrued infringement claim, a mere "incident of copyright ownership," A.16, over the statutory right to freely alienate a copyright interest.

Until the Court of Appeals ruled that "a license or assignment in copyright can only operate prospectively," A.28, it was widely recognized by the federal courts that a transfer of copyright retroactively conferred standing upon a transferee to pursue an accrued infringement claim if such right was expressly included in the conveyance. *Silvers*, 402 F.3d at 889; *ABKCO Music, Inc. v. Harrisongs, Music, Ltd.*, 944 F.2d 971, 980 (2d Cir. 1991);

Prather v. Neva Paperbacks, Inc., 410 F.2d 698, 699 (5th Cir. 1969). In this case, such a right was conferred in the assignment to Miller. Co-extensive with the right to pursue a claim for infringement is the right to settle or compromise such claims.

Even if the opinion does not interfere with the established right to confer standing to pursue accrued claims, those claims cannot be settled without the consent of all co-owners. Such an anomalous and asymmetrical rule abridges the "unlimited alienability" of copyright granted by Congress, H.R. Rep. No. 94-1476, 123 (1976); S. Report No. 94-473, 106 (1975), and substantially reduces a copyright's value.

Finding no support under the Act or its legislative history, the Court of Appeals extrapolated its holding from common law principles from property and contract law, at least those concepts it recognized. The intangible right of copyright ownership is distinct from real or personal property rights, and is entirely a creature of federal statute. *White-Music Pub. Co. v. Apollo Co.*, 209 U.S. 1, 19 (1908) (Holmes, J. concurring).

The reliance by the Court of Appeals on "the fundamental principle of contract law prohibiting the parties to a contract from binding nonparties," A.27, ignores the fact that Congress created an ownership scheme for copyrights whereby joint owners of copyright may act in numerous ways that bind their co-owners without their consent, including the granting of non-exclusive licenses. A.17, 20; 1 Nimmer at §6.11. Moreover, contract law approves assignments that operate retroactively to validate earlier licenses, *Viacom Int'l*

Inc. v. Tandem Prod., Inc., 526 F.2d 593, 595 (2d Cir. 1975), which precedent was not followed by the Court of Appeals.

The Court of Appeals attempted to bolster its opinion by relying on patent law decisions that permit only prospective licenses and prohibit licenses that defeat actions by co-owners for past infringement. Because there are "such wide differences" between the rights protected by the copyright and patent statutes, this Court has cautioned against reasoning by analogy from the cases decided under one statutory scheme to the other. *Bobbs-Merrill Co.*, 210 U.S. at 345. *Accord: Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 439 n. 19 (1984).

While both patent and copyright owners are free to independently exploit their ownership rights, patent co-owners have no duty to account to their co-owners for unilateral exploitations; thus, a patent co-owner who objects to the issuance of a license earns nothing from that grant, unlike a copyright co-owner who is entitled to a *pro rata* share of the proceeds from the license. *Compare Univ. of Colo. Found., Inc. v. American Cyanamid Co.*, 196 F.3d 1366, 1373 (Fed. Cir. 1999) *with Thomson*, 147 F.3d at 199. Furthermore, a patent co-owner cannot file an infringement action without the consent of all co-owners. 35 U.S.C. §262; *Ethicon v. United States Surgical Corp.*, 135 F.3d 1456, 1468 (Fed. Cir.), *cert. denied*, 525 U.S. 923 (1998); 8 Donald S. Chisum, Chisum on Patents §21.03[3][d] at 21-548-49. In contrast, the Act does not require joinder of all owners to pursue infringement claims. 17 U.S.C. §501(b). Because a patent co-owner is statutorily

prohibited from filing suit without the acquiescence of each co-owner, the possibility of invalidating the accrued infringement claims of a co-owner through a retroactive license or assignment can never arise.

The Court of Appeals based its solicitude for the accrued infringement claims of a copyright co-owner on speculation that the practice approved by the district court and many other courts would encourage infringers to buy their way out of litigation at a discount. A.33-34. As this Court ruled in *New York Times Co., Inc. v. Tasini*, 533 U.S. 483, 505-06 (2001), addressing 17 U.S.C. §201(c), "speculation about future harms is no basis for [the] Court to shrink authorial rights Congress established in sec. 201. . . ."

The commercial realities outweigh the apocryphal dangers envisioned by the Court of Appeals. Many mass media concerns, including the music and motion picture industries, depend on securing licenses and assignments from copyright owners. Prior to the opinion of the Court of Appeals, these industries could obtain a license or assignment from a copyright owner secure in the knowledge that they were insulated from lawsuits by silent co-owners.

Under the regime legislated by the Court of Appeals, an assignment from an undisputed copyright owner provides no assurance that a known or unknown co-owner will not surface to sue for infringement within the three-year statute of limitations. In an industry where works are created by numerous authors and disputes frequently arise as to the number of authors and percentage participation of each, even utmost

diligence and good faith efforts to obtain transfers or licenses from all co-owners will not grant complete protection to transferees or licensees. Indeed, in the interplay of a collaborative creation, an author may not know that a co-author is contributing material that will subsequently be the subject of a claim that it was authored by a stranger to the artistic enterprise.

Empowering one owner with the ability to veto the transfers of a co-owner creates formidable obstacles for the purchasers and distributors of copyrighted works and undermines the constitutional underpinnings of the Act to "promote the Progress of Science and the useful Arts." U.S. Const., art. I, §8, cl.8. It also undermines the policies favoring voluntary settlement of copyright disputes, *see, e.g., ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988, 997 (2d Cir. 1983), eliminating a litigant's incentive to settle a copyright claim if any part of such claim remains viable because of the obstinacy of a copyright co-owner.

II. THE COURT SHOULD SAFEGUARD THE RETROACTIVE APPLICATION OF §204(a) OF THE ACT

The Court of Appeals legislated its limitations on free and unfettered alienability into the text of §204(a) of the Act. It ruled that irrespective of the existence or non-existence of a prior oral agreement to transfer a copyright interest, a written transfer can never have retroactive effect if it implicates accrued infringement claims of a non-transferring co-owner of copyright.

The circuit courts have consistently ruled that a transfer of copyright operates retroactively to confer standing, *ABKCO Music*, 944 F.2d 980; *Prather*, *supra*, and to validate prior oral understandings. *Billy-Bob Teeth, Inc. v. Novelty, Inc.*, 329 F.3d 586, 592-93 (7th Cir. 2003); *Magnuson v. Video Yesteryear*, 85 F.3d 1424, 1429-30 (9th Cir. 1996); *Imperial Residential Design, Inc. v. Palms Development Group, Inc.*, 70 F.3d 96, 99 (11th Cir. 1995); *Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27 (2d Cir. 1982).

The "chief purpose of Section 204(a), (like the Statute of Frauds), is to resolve disputes between copyright owners and transferees and to protect copyright holders from persons mistakenly or fraudulently claiming oral licenses or copyright ownership." *Imperial Residential Design*, *supra*. In furtherance of this laudatory statutory goal, the circuit courts have denied challenges to retroactive application of written transfers of copyrights raised by litigants who were not parties to the transfers. *Billy-Bob Teeth*, *supra*; *Magnuson*, *supra*; *Imperial Residential Design*, *supra*; *Eden Toys*, *supra*. These courts ruled that so long as there was no dispute between the transferor and transferee, "it would be unusual and unwarranted" to permit a stranger to the agreement to challenge the transfer. *Billy-Bob Teeth*, *supra*, *quoting Imperial Residential Design*.

The Court of Appeals' opinion impresses an exception on the established operation of §204(a) where the challenge to the transfer is raised by a co-owner with an accrued infringement claim. There is no basis in the statute, legislative history or the judicially-

recognized purpose of the statute for such a sweeping curtailment on the right of owners to transfer copyrights. A non-transferring co-owner is as much a stranger to transfers between willing transferors and transferees as is a third party infringer.

Because all of the owners of copyright may not be known or discoverable at the time of transfer, a rule granting non-transferring owners stealth power to veto copyright transfers that are otherwise valid under §204(a) will render those transfers ephemeral and subject to defeasance. This judge-made rule is contrary to the Act's paramount goal of "enhancing predictability and certainty of copyright ownership." *Cmty. For Creative Non-Violence v. Reid*, 490 U.S. 730 (1989). The statutorily-protected right to transfer copyright ownership should not be curtailed by judicial fiat. *Eldred, supra*; *Stewart, supra*; *Bobbs-Merrill Co., supra*; *Wheaton, supra.*

CONCLUSION

The opinion of the Court of Appeals creates great uncertainty and upsets long-settled practices in numerous industries that rely on obtaining transfers or licenses from copyright owners without fear of litigation from co-owners. It constricts the previously free and unfettered right of a joint author to grant copyright transfers or licenses. The Court should grant *certiorari* to guarantee the statutorily-protected rights of copyright owners from unwarranted restraints on alienation that threaten and impede the transfer and exploitation of copyrighted works.

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT DECIDED OCTOBER 5, 2007

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

(Argued: January 10, 2007 Decided: October 5, 2007)

Docket No. 05-6844-cv

SHARICE DAVIS,

Plaintiff-Appellant,

v.

MARY J. BLIGE, BRUCE MILLER, RONALD LAWRENCE, KWAME HOLLAND, DANA STINSON, AUSAR MUSIC, MARY J. BLIGE PUBLISHING, BRUCE MILLER PUBLISHING, KWAME HOLLAND PUBLISHING, MARY J. BLIGE MUSIC, DAYNA S. DAY PUBLISHING, WARNER-TAMERLANE MUSIC PUBLISHING CORP., UNIVERSAL MUSIC GROUP, INC., UNIVERSAL STUDIOS, INC., UNIVERSAL MUSIC PUBLISHING GROUP, UNIVERSAL-MCA MUSIC PUBLISHING, UNIVERSAL MUSIC & VIDEO DISTRIBUTION CORP., and MCA RECORDS, INC.,

Defendants-Appellees.

Before: WINTER and CABRANES, *Circuit Judges*, and KORMAN, *District Judge*.[1]

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1. The Honorable Edward R. Korman, of the United States District Court for the Eastern District of New York, sitting by designation.

Appendix A

Plaintiff appeals from an order of the United States District Court for the Southern District of New York (Charles S. Haight, Jr., *Judge*) granting defendants' motion for summary judgment on plaintiff's copyright-related claims. The District Court concluded that (1) plaintiff's co-author transferred his rights under copyright to one of the defendants through a written agreement; (2) the transfer, which stated that it was "retroactive" to the date of the creation of the copyright, took effect before the alleged infringement; and (3) the "retroactive" transfer barred plaintiff's claim of infringement against the defendant, who was the beneficiary of the transfer, and his licensees. Plaintiff argues on appeal that the retroactive transfer was invalid and that plaintiff's claims were not barred by the transfer.

Vacated and remanded.

JOSÉ A. CABRANES, *Circuit Judge*:

The question presented, one of first impression in the courts of appeals, is whether an action for infringement by one co-author of a song can be defeated by a "retroactive" transfer of copyright ownership from another co-author to an alleged infringer. This action arises under the current statute governing copyright law, the Copyright Act of 1976, 17 U.S.C. §§ 101 *et seq.* ("the Copyright Act"), because "the complaint is [in part] for a remedy expressly granted by [the Copyright Act], e.g., a suit for infringement . . . , [and] asserts a claim requiring construction of [the Copyright Act], . . or, at

the very least ... presents a case where a distinctive policy of [the Copyright Act] requires that federal principles control the disposition of the claim." *T.B. Harms Co. v. Eliscu*, 339 F.2d 823, 828 (2d Cir.1964) (Friendly, J.).

Plaintiff Sharice Davis ("plaintiff" or "Davis") appeals from an order of the United States District Court for the Southern District of New York (Charles S. Haight, Jr., *Judge*) dismissing by summary judgment her claims under the Copyright Act, her claim for a declaratory judgment under 28 U.S.C. § 2201, and her state-law claims alleging unfair competition, unjust enrichment, and violations of New York's consumer protection statutes. *See Davis v. Blige*, 419 F.Supp.2d 493 (S.D.N.Y.2005). The District Court concluded that a "retroactive" written agreement between Bruce Chambliss, Davis's alleged co-author, and Bruce Miller, one of the defendants, purporting to assign Chambliss's rights in two disputed songs as of the time of their creation, was valid. Reasoning that "a co-owner has a legal right to grant a license without another co-owner's permission or transfer his rights in the copyright freely," *id.* at 500, the District Court held that the transfer of co-ownership rights by Chambliss to Miller-who had licensed the copyright to third parties also named as defendants (collectively the "third-party defendants") before the written agreement was executed-defeated Davis's claims not only against Miller but also against the third-party defendants, who were in privity with Miller.

We disagree, and therefore vacate the judgment and remand for further proceedings consistent with this opinion.

BACKGROUND

A. Facts

The facts of this case are laid out fully in Judge Haight's opinion. We recount here only those facts relevant to the issues on appeal. Unless otherwise noted, the facts are undisputed.

The dispute between the parties arises from the release in 2001 of an album entitled "No More Drama" ("the Album"). Defendant Mary J. Blige, the "Queen of Hip-Hop Soul," J.A. 325, was the performer on the Album, which achieved "triple platinum" status.[2] Davis alleges that two of the songs contained on the Album—"LOVE" and "Keep It Moving" (collectively, the "Album compositions")—infringe her copyright in two compositions (collectively, the "disputed compositions"). In particular, she claims that "LOVE" is virtually identical to her composition "L.O.V.E.," and that "Keep

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2. "Platinum" status, a term of art of musical-recording sales certification created by the Recording Industry Association of America, refers to the sale of over one million copies of a musical recording. Thus, "triple platinum" status means over 3 million copies of the Album were sold. *See* Recording Industry Association of America, Gold and Platinum, http://www.riaa.com/goldandplatinum.php (last visited Aug. 8, 2007).

It Moving" bears substantial similarity to her composition "Don't Trade in My Love." Davis does not receive any song-writing credit on the Album; instead, the labels and packaging of the Album identify (1) Blige, Miller, and defendants Kwame Holland and Ronald Lawrence as the authors of "LOVE" and (2) Blige, Miller, Holland, and defendant Dana Stinson as the authors of "Keep It Moving." *See id.* at 495 n. 2.

Davis claims the disputed compositions were co-authored in 1998 by her and Chambliss, Miller's father; Chambliss is not a party to this action. According to one witness, Hunter College Professor Barbara Ottaviani, the disputed composition "L.O.V.E." was written in 1998 during jam sessions in the home of Ottaviani attended by, among others, Davis, Chambliss, and Miller. A tape recording of "L.O.V.E." was made during one of these jam sessions, but the tape disappeared shortly thereafter. At about this time Davis met Blige, who is Miller's sister and the step-daughter of Chambliss. Davis states that she had performed "L.O.V.E." for Blige and that Miller subsequently approached Davis on behalf of Blige, seeking to buy several of Davis's songs, including "L.O.V.E." Davis alleges that she declined the offer. She also alleges that she wrote "Don't Trade in My Love" with Chambliss in or around November 1998 at Ruff Riders Studio.

In August 2001, defendants Ausar Music, Mary J. Blige Publishing, Bruce Miller Publishing, and Kwame Holland Publishing registered "LOVE" and defendant Universal Music MCA Music Publishing, and Blige,

Miller, and Stinson registered "Keep It Moving" with the United States Copyright Office ("Copyright Office"). On February 28, 2002, Miller contracted with Universal Tunes, a division of defendant Universal, Inc., to provide an exclusive license to exploit his copyright interest in the Album compositions as well as his copyright interests in any other compositions not previously assigned to other music publishing companies. On August 14, 2002, Davis registered the disputed compositions with the Copyright Office, listing Chambliss as a co-author. In December 2003, Davis filed suit, alleging infringement of her copyright in the two disputed compositions and a variety of related state claims.

Defendants' April 30, 2003 and August 11, 2003 answers to Davis's complaint denied that anyone other than the defendants listed as authors on the Album wrote the songs. But in depositions given in December 2003 and January 2004 (Miller), and June and August 2004 (Chambliss), both Miller and Chambliss testified that *Chambliss* had initially written the disputed compositions and that they formed the basis for the Album compositions;[3] Chambliss denied ever collaborating on any songs with Davis.[4] Chambliss and

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3. Miller testified that he and Blige contributed to the "revised" version of "LOVE."

4. Chambliss's deposition testimony is somewhat confused on this point. Although during his deposition he categorically denied ever having written songs with Davis, Chambliss

(Cont'd)

Miller also stated that they had orally agreed Chambliss would grant Miller certain rights in the compositions, although the existence and nature of the alleged oral agreement is in dispute.[5] *See Davis*, 419 F.Supp.2d at

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(Cont'd)
identified several instances in which Davis's handwriting or name appeared in his papers documenting several songs. Chambliss explained this documentation as either identifying songs meant for her as a performer, or areas where she added unauthorized verses.

5. Miller's and Chambliss's deposition testimony contain inconsistent descriptions of the nature and timing of the alleged oral agreement. Miller stated during his deposition that he and Chambliss had a conversation "[p]robably like the end of '98, '99 . . . somewhere in there," during which Chambliss told him, "basically, 'Any song that I have written, if it needs to be used at any point in time, use it. It is yours.' " Miller said that this agreement was never written down, and that he never compensated Chambliss for any songs that Chambliss had given to him.

According to Chambliss, he "sign[ed] all of [his] songs over to [Miller]" because he "knew [Chambliss] was going to be in prison, and [he] knew [Miller] could handle everything." Chambliss also described the alleged oral agreement alternatively as an agreement that "[Miller] can *use* all of [the songs]." As the District Court noted, however, Chambliss was incarcerated sometime in 1997, and again from 2001 to 2003; thus, it appears that Chambliss could not have known "he was going to be in prison" during late 1998 or early 1999, when Miller says that the oral agreement was reached. *See Davis*, 419 F.Supp.2d at 498. It is also worth noting that it is unclear
(Cont'd)

498 (noting that "a genuine issue exists as to whether Chambliss ever orally transferred his rights in the [disputed] compositions"). On June 23, 2004, one day before Chambliss's initial deposition, Chambliss and Miller allegedly reduced to a writing the transfer of Chambliss's interest in the disputed compositions.[6]

(Cont'd)

whether the oral agreement (assuming *arguendo* that it existed) transferred all of Chambliss's interests in his compositions to Miller, or whether Chambliss merely intended to grant Miller only the right to *use* Chambliss's compositions. Finally, it is unclear whether the alleged agreement related only to the disputed compositions, or whether the agreement related to all of the 3000-4000 compositions that Chambliss claimed to have created.

6. When asked during his first deposition on June 24, 2004, if there was any written agreement memorializing the transfer of his interest to Miller, Chambliss first said "No, he's my son, I don't need a written agreement." But when questioned further, he changed his answer and stated, "Yeah, there is a signed document." When asked about the details of that signed document, Chambliss responded:

> Q. . . . Do you recall what songs were listed on that document?
>
> A. L-O-V — I'm not sure.
>
> Q. Do you remember if there any other songs besides L-O-V-E that were listed?

(Cont'd)

There were two written agreements (collectively, the "transfer agreements"), one for each of the disputed compositions. Each written agreement stated that Chambliss "does hereby sell, assign, transfer, and set

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(Cont'd)

A. I'm not positive.

Q. Do you know if there were more than five songs listed

A. I'm not positive. . . .

Q. Do you know why [Miller] was asking you to sign that document?

A. Yes.

Q. Why?

A. Because he was trying to sell them [the songs].

Q. Do you know who he was going to try to sell them to?

A. Not right offhand. There was a lot of songs.

The alleged agreement was not made available to Davis, however, until August 8, 2004—the day before Chambliss's *second* deposition—when *two* written agreements transferring Chambliss's rights in the disputed compositions (but no others) to Miller were shown to Davis. The District Court took note that Chambliss's vague testimony during his June 24, 2004 deposition appeared to be inconsistent with the written agreements that he allegedly signed the day before, *see Davis*, 419 F.Supp.2d at 498 ("Chambliss was unable to recall the day, or even the month, in which he executed the written agreement[s], despite the fact that [they are] dated June 23, 2004, the day before the Chambliss deposition was taken"), but nonetheless gave legal effect to the written agreements, *see id.* at 499.

over unto Bruce Miller . . . an undivided one hundred percent (100%) share in and to all the undersigned's right, title and interest" in the respective disputed compositions "and any and all universe-wide copyrights and all renewals, extensions and reversions thereof [and] any and all causes of action for infringement of the same *past, present, and future;* any and all proprietary rights; and all the proceeds from the foregoing accrued and unpaid and hereafter accruing." (emphasis added). According to the transfer agreements, the "instrument of transfer is effective as of the date [Chambliss] first create[d] the above-referenced Composition"—a date not otherwise specified. Defendants claimed that these written agreements merely served to confirm or ratify the prior oral agreement.

B. Procedural History

Davis's complaint alleges that defendants infringed her copyright to the disputed compositions by (1) recording and registering copyrights on "LOVE" and "Keep It Moving," which were substantially similar to her compositions, and (2) falsely attributing authorship to (a) Blige, Miller, Holland, and Lawrence on "LOVE" and (b) Blige, Miller, and Stinson on "Keep It Moving." Davis also alleges that defendants falsely designated the origin of their goods in violation of the Lanham Act § 43(a), 15 U.S.C. § 1125(a);[7] engaged in unfair

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7. Davis did not respond to defendants' motion for summary judgment on this claim, and does not appeal the resulting dismissal of her Lanham Act § 43(a) claim.

competition; and were unjustly enriched. Finally, she claims that defendants' acts were intentionally designed to mislead the public in violation of N.Y. Gen. Bus. Law §§ 349 and 350.[8]

Following the completion of discovery, defendants moved for summary judgment on the ground that Chambliss had transferred his rights in the disputed compositions to Miller through an oral agreement before the compositions were used by Miller, or, alternatively, on the ground that the written transfer agreements conveyed the copyrights retroactively. *See Davis*, 419 F.Supp.2d at 498-99. Defendants argue that, as a result of the transfer agreements, Miller became a co-owner of the disputed compositions as of the date of the creation of the compositions. Accordingly, they contend that, because Davis cannot sue a co-owner of her copyright for infringement, Davis's suit is barred against Miller and those to whom Miller had licensed the disputed compositions (including Blige and the other defendants).

The District Court agreed. In a memorandum and order filed November 22, 2005, it declined to determine

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8. N.Y. Gen. Bus. Law § 349 reads in relevant part as follows: "(a) Deceptive acts or practices in the conduct of any business, trade or commerce or in the furnishing of any service in this state are hereby declared unlawful."

N.Y. Gen. Bus. Law § 350 reads in relevant part as follows: "False advertising in the conduct of any business, trade or commerce or in the furnishing of any service in this state is hereby declared unlawful."

whether the written ratification of a prior oral transfer could satisfy the Copyright Act's requirement that transfers of copyright ownership be in writing, 17 U.S.C. § 204(a), or whether the transfer agreements indeed ratified a prior oral agreement between Chambliss and Miller. Instead, it held that Chambliss could "cure past infringement" through the grant of a retroactive assignment of the copyright. *Davis,* 419 F.Supp.2d at 500 (quoting *Silberstein v. Fox Entm't Group, Inc.*, 424 F.Supp.2d 616, 629 (S.D.N.Y.2004)). Because there is no appellate case law on the issue of retroactive assignment of copyright, the District Court relied on other district court opinions, among them *Silberstein,* 424 F.Supp.2d at 629 (holding that a retroactive license, obtained after alleged infringement occurred and after institution of legal action, immunized defendant from infringement); *Country Road Music, Inc. v. MP3.com, Inc.*, 279 F.Supp.2d 325, 329 (S.D.N.Y.2003) (concluding that a settlement agreement between defendants and co-owner granting retroactive reproduction rights barred any infringement claim by remaining co-owners and cured past infringement); and *Lone Wolf McQuade Assocs. v. CBS Inc.* 961 F.Supp. 587, 597 (S.D.N.Y.1997) (stating that a retroactive license cures past infringement). *See Davis,* 419 F.Supp.2d at 499-500. Ultimately, the District Court concluded that, as a result of the written retroactive assignment of rights by Chambliss to Miller, "Davis has no claim for copyright infringement against defendants." *Davis,* 419 F.Supp.2d at 501. Noting that "one joint owner may always transfer his interest in the work to a third party, including the grant of non-exclusive licenses," *id.* at 500 (citing 1 Melvin B. and

David Nimmer, *Nimmer on Copyright* § 6.11 (2005) ("*Nimmer*")), the District Court reasoned that "Davis' [alleged] status as joint owner with Chambliss, who in turn transferred his interests to Miller, bars her from stating a claim for copyright infringement against Miller, or any of the other defendants, [who are] his licensees." *Id.* Davis's timely appeal followed.

DISCUSSION

In reviewing a grant of summary judgment, we draw all factual inferences in favor of the non-moving party and review the matter *de novo*. *See, e.g., Miller v. Wolpoff & Abramson, L.L.P.*, 321 F.3d 292, 300 (2d Cir.2003). Summary judgment is only appropriate where there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. *See, e.g., Kapps v. Wing*, 404 F.3d 105, 112 (2d Cir.2005). Because the District Court's grant of summary judgment was based on its conclusions about the legal effect of the transfer agreements—a matter that our Court has not yet addressed—resolution of the matter before us will depend on our own analysis of the relevant copyright law. *See Larry Spier, Inc. v. Bourne Co.*, 953 F.2d 774, 775 (2d Cir.1992).

The question of whether one joint owner of a copyright can retroactively transfer his ownership by a written instrument, and thereby cut off the accrued rights of the other owner to sue for infringement, is an issue of first impression in the courts of appeals. Although the Copyright Act itself is silent on the issue

of retroactive transfer or license, we conclude that such retroactive transfers violate basic principles of tort and contract law, and undermine the policies embodied by the Copyright Act.

A. General Principles of Copyright Law

We revisit some general principles of copyright law in order to place the instant case in its legal context.

Copyright, of course, is a federal grant of a property interest in the production, replication, publication, and distribution of certain classes of "original works of authorship fixed in any tangible medium of expression," 17 U.S.C. § 102(a), including musical compositions, *Id.* § 102(a)(2).[9] "Copyright in a work protected under [the Copyright Act] thus initially vests in the author or authors of the work." 17 U.S.C. § 201(a). "The authors of a joint work are co[-]owners of copyright in the work," *id.*, and, as described in the House Report accompanying passage of the Copyright Act, are to "be treated generally as tenants in common, with each co[-]owner having an independent right to use or license the use of a work, subject to a duty of accounting to the other co[-]owners for any profits." H.R.Rep. No. 94-1476, at

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9. The United States Constitution confers on Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art 1, § 8, cl. 8. In the exercise of that power, Congress regulates copyright of creative works through the Copyright Act.

121 (1976); *see Thomson v. Larson,* 147 F.3d 195, 199 (2d Cir.1998) ("Joint authorship entitles the coauthors to equal undivided interests in the whole work—in other words, each joint author has the right to use or to license the work as he or she wishes, subject only to the obligation to account to the other joint owner for any profits that are made."). We long ago observed that

> [t]he rights of property which the [co-owner] had were transferable by sale and delivery, and there is no distinction, independent of statute, between [copyrighted property] and property of any other description. The right to sell and transfer personal property is an inseparable incident of the property. An author or proprietor of a literary work or manuscript [or other work protected by the Copyright Act] possesses such a right of sale as fully and to the same extent as does the owner of any other piece of personal property. It is an incident of ownership.

Maurel v. Smith, 271 F. 211, 214 (2d Cir.1921).

Like other forms of property ownership, copyright ownership is a "bundle of discrete rights" regarding the owner's ability to use his property. *See Faulkner v. Nat'l Geographic Enters., Inc.,* 409 F.3d 26, 35 (2d Cir.2005) ("The Supreme Court stressed that in enacting the 1976 revision [of the Copyright Act], Congress rejected the doctrine of indivisibility, recasting the copyright as a bundle of discrete exclusive rights, 17 U.S.C. § 106 (1994

ed. and Supp. V), each of which may be transferred ... and owned separately, § 201(d)(2)." (quoting *New York Times v. Tasini,* 533 U.S. 483, 495-96, 121 S.Ct. 2381, 150 L.Ed.2d 500 (2001)) (internal quotation marks omitted)). These rights include "reproduc[ing,]" "prepar[ing] derivative works," "distribut[ing,]" "perform[ing,]" or "display[ing]" a creative work. 17 U.S.C. § 106. Owners may license others to exercise these rights or assign the rights to others. *T.B. Harms,* 339 F.2d at 825. In addition, an owner may sue for infringement those who exploit the creative work without permission or assignment. *See* 17 U.S.C. § 501(b) ("The legal or beneficial owner of an exclusive right under a copyright is entitled . . . to institute an action for any infringement of that particular right committed while he or she is the owner of it."); *Knickerbocker Toy Co., Inc. v. Azrak-Hamway Int'l., Inc.,* 668 F.2d 699, 702 (2d Cir.1982) (stating that "[t]o prevail on a claim of copyright infringement, a plaintiff must show both ownership of a valid copyright and copying").

The right to prosecute an accrued cause of action for infringement is also an incident of copyright ownership. *ABKCO Music, Inc. v. Harrisongs Music, Ltd.,* 944 F.2d 971, 980 (2d Cir.1991). Moreover, it is a right that may be exercised independently of co-owners; a joint owner is not required to join his other co-owners in an action for infringement. *See* 17 U.S.C. § 501(b) (noting that a court "*may* require" an owner of a copyright to serve notice on a person who is shown "to have or claim an interest in the copyright" and "*may*

require the joinder . . . of any person having or claiming an interest in the copyright") (emphasis added); *Edward Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 268, 269 (2d Cir.1944) ("It was early decided that the holder of the legal title to a copyright might sue without joining others who had an equitable interest in the copyright."); *Copyright.net Music Publ'g LLC v. MP3.com*, 256 F.Supp.2d 214, 218 (S.D.N.Y.2003) (holding that copyright infringement plaintiffs were not obligated to join alleged co-owners of compositions at issue).

Early in the twentieth century, we stated in the copyright context the venerable principle of the law of property that, while an owner may convey any of his rights to others permanently or temporarily, he may not convey more than he owns. *Maurel*, 271 F. at 215 ("[W]hen the [co-owners] granted rights to [a music publisher], they could but transmit what they had to part with, and they could not transfer what interest the [other co-owner] had."); *see also Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 (2d Cir.1981) ("[T]he proprietor of a derivative copyright cannot convey away that which he does not own. . . ."). Accordingly, an owner may give a license to someone to exploit the work in some way, provided he owns that particular copyright interest. 17 U.S.C. § 106. An owner may also convey his interest in prosecuting accrued causes of action for infringement. *ABKCO Music*, 944 F.2d at 980; *see also Prather v. Neva Paperbacks, Inc.*, 410 F.2d 698, 700 (5th Cir.1969) (noting the effectiveness of an assignment of accrued causes of action for copyright infringement).

An owner may not, however, convey the interests of his fellow co-owners without their express written consent, even if the transferee has no notice of the non-consenting owners' interest. *See Crosney v. Edward Small Productions*, 52 F.Supp. 559, 561 (S.D.N.Y.1942) ("One [co-owner of a copyright] cannot bind the interest of another, although he purports to do so, in the absence of assent or ratification upon her part." (internal quotation marks omitted)). A co-owner's ability to grant licenses to third parties unilaterally will therefore depend on the type of licenses granted. There are two general categories of licenses: non-exclusive licenses, which permit licensees to use the copyrighted material and may be granted to multiple licensees; and exclusive licenses, which grant to the licensee the exclusive right—superior even to copyright owners' rights—to use the copyrighted material in a manner as specified by the license agreement.[10] A valid license of either sort

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10. Under current copyright law, exclusive licenses are recognized as a type of an ownership interest, conveying a particular exclusive right of copyright. *See* 17 U.S.C. § 101 (" 'Copyright owner', with respect to any one of the exclusive rights comprised in a copyright, refers to the owner of that particular right."). Exclusive licensees may sue without joining the copyright owners, 17 U.S.C. § 501, and exclusive license agreements must be in writing, 17 U.S.C. § 204(a); *see also Eden Toys, Inc. v. Florelee Undergarment Co.*, 697 F.2d 27, 36 (2d Cir.1982). The differences between an "exclusive" license and an assignment or transfer of copyright ownership interest have diminished to the point that the terms are nearly synonymous. *See* 17 U.S.C. § 101 ("A 'transfer of copyright ownership' is an assignment, mortgage, exclusive license, or any other

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immunizes the licensee from a charge of copyright infringement, provided that the licensee uses the copyright as agreed with the licensor. *See Graham v. James*, 144 F.3d 229, 236 (2d Cir.1998) ("A copyright owner who grants a nonexclusive license to use his copyrighted material waives his right to sue the licensee for copyright infringement."); *United States Naval Institute v. Charter Commc'ns, Inc.*, 936 F.2d 692, 695 (2d Cir.1991) ("[A]n exclusive licensee of any of the rights comprised in the copyright, though it is capable of breaching the contractual obligations imposed on it by

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conveyance . . . of a copyright or any of the exclusive rights comprised in a copyright, whether or not it is limited in time or place of effect, but not including a nonexclusive license."). However, although it is possible to share ownership of a copyright interest as co-owners, an exclusive licensee of an interest is the only one who may exercise that right. "Each author's rights in a joint work are non-exclusive, whereas a sole author retains exclusive rights in his or her own work." *Thomson*, 147 F.3d at 205 (internal citations omitted). Therefore, in order to convey exclusive rights, all co-owners must agree to convey their shares of the same right.

Under the earlier version of the copyright statute, the Copyright Act of 1909, copyright ownership was generally considered indivisible; thus, the individual rights comprising the bundle of copyright property rights could not be separately assigned, and exclusive licenses granted more limited rights-for example, exclusive licensees had to join copyright owners in suits for infringement. Apparently, because exclusive licenses were not transfers of ownership, oral agreements granting exclusive licenses were permissible. *See* 3 *Nimmer* § 10.01[C].

the license, cannot be liable for infringing the copyright rights conveyed to it."); *see also McKay v. Columbia Broad. Sys. Inc.*, 324 F.2d 762, 763 (2d Cir.1963) ("[A] license from a co-holder of a copyright immunizes the licensee from liability to the other co-holder for copyright infringement.").

A co-owner may grant a *non-exclusive* license to use the work unilaterally, because his co-owners may also use the work or grant similar licenses to other users and because the non-exclusive license presumptively does not diminish the value of the copyright to the co-owners. *See Meredith v. Smith,* 145 F.2d 620, 621 (9th Cir.1944) (noting that a "co-owner had the right to give permission" for nonexclusive use of a copyrighted work); 1 *Nimmer* § 6.10[A], 6-34. In any event, a co-owner who grants a non-exclusive license is accountable to his co-owner for income gained by the grant of the license. *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 223 F.2d 252, 254 (2d Cir.1955). However, a licensee is not liable to a non-licensing co-owner for use authorized by the license, because the licensee's rights rest on the license conveyed by the licensing co-owner. *See McKay* 324 F.2d at 763. Likewise, a licensee need not pay any royalties or other consideration to the co-owners who are not parties to the license agreement. *See Piantadosi v. Loew's, Inc.*, 137 F.2d 534, 537 (9th Cir.1943) (holding that a third party granted a non-exclusive copyright license by one co-owner had no duty to the other co-owner); 1 *Nimmer* § 6.12(c)(3). A non-exclusive license conveys no ownership interest, and the holder of a nonexclusive license may not sue others for

infringement. *See Eden Toys*, 697 F.2d at 32 ("The Copyright Act authorizes only two types of claimants to sue for copyright infringement: (1) owners of copyrights, and (2) persons who have been granted exclusive licenses by owners of copyrights."). An exclusive license, on the other hand, conveys an ownership interest. *See Campbell v. Trustees of Stanford University*, 817 F.2d 499, 504 (9th Cir.1987). Accordingly an exclusive licensee may sue others for infringement, including the licensor if the licensor infringes on the exclusive right he granted the licensee. *See U.S. Naval Institute*, 936 F.2d at 695 (citing 3 *Nimmer* § 12.02). Because no one other than the exclusive licensee may exercise the right specified by the exclusive license agreement, the interests of the other co-owners to use or grant non-exclusive licenses to the work are necessarily impaired. An exclusive license thus destroys the value of a copyright to the copyright owners, to the extent that the licensed rights cannot be used or exploited by the copyright owners. Unlike a transfer of one co-owner's copyright interest to another person, which conveys only the co-owner's share of that interest, an exclusive license grants all co-owners' shares of a particular copyright interest to the exclusive licensee. Accordingly, a co-owner cannot unilaterally grant an exclusive license. *See Maurel*, 271 F. at 216 ("Where two or more persons have a common interest in a property, equity will not allow one to appropriate it exclusively to himself, or to impair its worth as to others."); 1 *Nimmer* § 6.11 (noting prohibition on one co-owner granting an exclusive license without consent of other co-owners).

B. Retroactive Licenses and Transfers Are Invalid

In this case, we deal with the question of whether a copyright co-owner—who, according to the legislative history of the Copyright Act, we are to treat as a tenant in common, *see ante* page 98—can convey his copyright interest to a third party retroactively, thereby defeating a claim of infringement asserted against that third party by another co-owner. In *Eden Toys*, we held that a later writing could memorialize or confirm an earlier oral agreement. *Eden Toys*, 697 F.2d at 36. The District Court in the instant case concluded that "a reasonable jury could find an oral agreement never existed between Chambliss and Miller." *Davis*, 419 F.Supp.2d at 498. Still, the District Court agreed with defendants that "the written agreements would nonetheless be valid to defeat Davis' claims." *Id.* at 499. Relying on several district court decisions holding that retroactive licenses are permissible and enforceable, *see ante* pages 8-9, it concluded that the written agreements between Chambliss and Miller were sufficient to defeat Davis's claims.

We conclude that the district court decisions relied upon by the District Court are distinguishable from the instant case insofar as they involved retroactive licenses granted pursuant to negotiated settlements of accrued infringement claims. *See, e.g., Country Road Music*, 279 F.Supp.2d at 328 (agreeing with defendant that "a settlement agreement between [defendant and co-owner] granted defendant retroactive reproduction rights that bar any infringement claim by plaintiffs

[co-owners]"); *SBK Catalogue P'ship v. Orion Pictures Corp.*, 723 F.Supp. 1053, 1059 (D.N.J.1989) ("The [settlement] agreement contemplated a retroactive written license for the use of the musical composition . . . ."); *Lone Wolf McQuade*, 961 F.Supp. at 590 ("In a settlement agreement dated December 9, 1996, [co-owner] granted [defendant] a retroactive license from January 1, 1990."). Indeed, to the extent that the district courts deciding these cases state the rationale of their legal conclusions, they uphold the agreements as private contracts between two parties without examining the implications for other holders of the copyright, other than to say in a conclusory fashion that these agreements will have the effect of barring infringement claims by third-parties, including co-owners. *See, e.g.*, *Country Road Music*, 279 F.Supp.2d at 329 ("[A] license from a co-holder of a copyright immunizes the licencee from liability to the other co-holder for copyright infringement.") (quoting *McKay*, 324 F.2d at 763).

We believe that reliance on cases involving settlements is misplaced. Licenses and assignments function differently from settlements and releases, and the use of the term "retroactive license" for "settlement" or "release" by the parties causes unnecessary confusion and potentially creates legal mischief. Settlements are generally retrospective and exclusively between the parties to the settlement—the unauthorized user and the owner; and, absent clear language to the contrary, they are not licenses for future use. The Seventh Circuit has aptly observed that "[a] settlement agreement [is] nothing more than a

promise by [one party] to pay liquidated damages for past infringements in return for a dismissal of the infringement suit. [The party] erroneously equates a settlement for past infringement with a license for prospective use. . . ." *Ransburg Electro-coating Corp. v. Spiller & Spiller, Inc.*, 489 F.2d 974, 977 (7th Cir.1973); *see also Birdsell v. Shaliol*, 112 U.S. 485, 487, 5 S.Ct. 244, 28 L.Ed. 768 (1884) ("[A]n infringer does not, by paying damages for making and using a machine in infringement of a patent, acquire any right himself to the future use of the machine. On the contrary, he may, in addition to the payment of damages for past infringement, be restrained . . . from further use. . . ."); *United States v. Youngstown Sheet & Tube Co.*, 171 F.2d 103, 111 (6th Cir.1948) ("A release for wrongs done in the past is not the equivalent of a license to do rightfully the same thing in the future.") (quoting *Raytheon Mfg. Co. v. Radio Corp. of America*, 286 Mass. 84, 190 N.E. 1, 5 (1934)). A settlement agreement between an injured owner and an injuring non-owner recognizes the unauthorized use while providing a remedy to the injured owner that is acceptable to all parties to the agreement.

A settlement agreement can only waive or extinguish claims held by a settling owner; it can have no effect on co-owners who are not parties to the settlement agreement. It is a venerable principle of New York co-tenancy law, for example, that "[o]ne tenant in common can settle for or release his interest in . . . personal property, but he cannot settle for or release the interest of his co-tenants. If one tenant in common

should settle for his portion of the damages before action, the other may sue without joining him." *Jackson v. Moore,* 94 A.D. 504, 87 N.Y.S. 1101, 1103 (1904); *see also Wagman v. Carmel,* 601 F.Supp. 1012, 1015 (E.D.Pa.1985) ("Ordinarily, although a tenant in common may freely sell or otherwise dispose of his own interest in jointly held property, he may not act so as to prejudice the rights of his co-tenants. For example, a tenant in common may not unilaterally bind his co-tenants to an agreement concerning the use, control, or title to the joint property."). "[S]ettlement agreements are 'not to be used as a device by which A and B, the parties to the decree, can (just because a judge is willing to give the parties' deal a judicial imprimatur) take away the legal rights of C, a nonparty.' " *Bacon v. City of Richmond,* 475 F.3d 633, 643 (4th Cir.2007) (quoting *United States v. Bd. of Educ. of Chicago,* 11 F.3d 668, 673 (7th Cir.1993)).

Licenses and assignments, however, are prospective; they permit use by a non-owner who would not otherwise have a right to use the property. "In its simplest form, a license means only leave to do a thing which the licensor would otherwise have a right to prevent." *Western Elec. Co. v. Pacent Reproducer Corp.,* 42 F.2d 116, 118 (2d Cir.1930). A retroactive license or assignment purports to authorize a past use that was originally unauthorized. Unlike a settlement, which recognizes an unauthorized use but waives a settling owner's accrued claims of liability, a retroactive license or assignment would—if given legal effect—erase—the unauthorized use from history with the result that the nonparty co-owner's

right to sue for infringement, which accrues when the infringement first occurs, is extinguished. This is the effect of the District Court's decision in this case.

The co-owner's right that would be extinguished by a rule permitting retroactive licenses or assignments—the right to sue for infringement—is a valuable one; indeed, it is one of the most valuable "sticks" of the "bundle of rights" of copyright. *See Silvers v. Sony Pictures Entm't, Inc.*, 402 F.3d 881, 890 n. 1 (9th Cir.2005) ("[T]o receive maximum value for the impaired copyright, one must also convey the right to recover the value of the impairment by instituting a copyright action."). Accordingly, we must examine carefully whether retroactive licenses and assignments that extinguish a co-owner's accrued right to sue are consistent with the general principles of tort[11] and contract law that underlie the accrual and settlement of infringement claims.

As we have observed, "[u]nder general principles of [tort] law, a cause of action accrues when conduct that invades the rights of another has caused injury. When the injury occurs, the injured party has the right to bring

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11. Infringement has long been recognized as a tort. *See Ted Browne Music Co. v. Fowler*, 290 F. 751, 754 (2d Cir.1923) ("Courts have long recognized that infringement of a copyright is a tort."); *see also Screen Gems-Columbia Music, Inc. v. Metlis & Lebow Corp.*, 453 F.2d 552, 554 (2d Cir.1972) ("Copyright infringement is in the nature of a tort, for which all who participate in the infringement are jointly and severally liable.").

suit for all of the damages, past, present and future, caused by the defendant's acts." *Leonhard v. United States*, 633 F.2d 599, 613 (2d Cir.1980) (citing Restatement (Second) of Torts §§ 899, 910 (1977)). A "retroactive" assignment or license that extinguishes the accrued infringement claims of a non-consenting co-owner by traveling back in time to "undo" an unlawful infringement destroys the co-owner's valuable *and vested* right to enforce her claim.

A retroactive license or assignment that purports to eliminate the accrued causes of action for infringement held by a co-owner who is not party to the license or agreement also violates the fundamental principle of contract law prohibiting the parties to a contract from binding nonparties. *See, e.g., EEOC v. Waffle House, Inc.*, 534 U.S. 279, 294, 122 S.Ct. 754, 151 L.Ed.2d 755 (2002) ("It goes without saying that a contract cannot bind a nonparty."). Moreover, a co-owner who purports to convey not only his right to prosecute past infringements but also his co-owners' right to prosecute past infringements violates the basic rule that an owner cannot convey more than he owns. *See Roy Export Co. Establishment v. Columbia Broad. Sys., Inc.*, 503 F.Supp. 1137, 1153 (S.D.N.Y.1980) ("[I]t is axiomatic that no one can convey more than his own interest in a work."). We have no doubt that Chambliss can release his own accrued claims of copyright infringement against Miller and his fellow defendants, either orally or in writing. But we know of no authority to sanction his attempt to release any rights Davis has against Miller, for they are not Chambliss's to release.

None of what we say above should be read as preventing an owner and an infringer from settling infringement claims among themselves. *See ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988, 997 (2d Cir.1983) (noting in a copyright infringement case, that "courts favor the policy of encouraging voluntary settlement of disputes"); *see also In re Tamoxifen Citrate Antitrust Litig.*, 466 F.3d 187, 203 (2d Cir.2006) ("The general policy of the law is to favor the settlement of litigation, and the policy extends to the settlement of patent infringement suits." (quoting *Asahi Glass Co. v. Pentech Pharms., Inc.*, 289 F.Supp.2d 986, 991 (N.D.Ill.2003) (Posner, J., sitting by designation))). An owner who wishes to release unilaterally his own accrued claims may do so using whatever language he chooses—including by calling the negotiated settlement the proverbial "banana"—but such an agreement cannot have the effect of eviscerating a co-owner's claims based on past copyright infringement, nor can it settle accrued claims held by co-owners who are not themselves parties to the agreement. Accordingly, we hold that a license or assignment in copyright can only act prospectively.

We find support for this holding in the law of patents. Although patent and copyright law function somewhat differently, courts considering one have historically looked to the other for guidance where precedent is lacking. *See Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 439, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984) (referring to the "historic kinship between patent law and copyright law" when looking at

patent law to understand vicarious liability in copyright). Our holding in this case is consistent with the law of patents. *See Schering Corp. v. Roussel-UCLAF SA*, 104 F.3d 341, 345 (Fed.Cir.1997) ("[T]he grant of a license by one co-owner cannot deprive the other co-owner of the right to sue for accrued damages for past infringement. That would require a release, not a license, and the rights of a patent co-owner, absent agreement to the contrary, do not extend to granting a release that would defeat an action by other co-owners to recover damages for past infringement."). The prospective nature of licenses has long been recognized in the law of patents. *See, e.g., Waterloo Furniture Components, Ltd. v. Haworth, Inc.*, 467 F.3d 641, 647 (7th Cir.2006) ("Courts have recognized the prospective quality of a patent license, which allows another party to use the patentee's property in the future without fear of suit."); *see also Wang Labs., Inc. v. Oki Elec. Indus. Co.*, 15 F.Supp.2d 166, 172 (D.Mass.1998) (noting that "there is authority to the effect that the concepts of both royalty and license are necessarily prospective, rendering a 'retroactive royalty agreement' a legal nullity"). Licenses in patent and copyright function similarly, *see Harris v. Emus Records Corp.*, 734 F.2d 1329, 1333 (9th Cir.1984), and thus it is appropriate to consider copyright licensing, like patent licensing, prospective in nature. We see no reason why this principle should not also apply to the assignments of the type at issue here.

There is little from a policy perspective to recommend a rule that allows retroactive licenses or assignments, and there are two strong reasons

disfavoring them—(1) the need for predictability and certainty and (2) discouragement of infringement. A rule permitting retroactive assignments and transfers would inject uncertainty and unpredictability into copyright ownership, contrary to the intent of Congress in enacting the Copyright Act of 1976. *See, e.g., Cmty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 749, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989) (declaring that "Congress' paramount goal in revising the 1976 Act [was] enhancing predictability and certainty of copyright ownership"); *In re Cybernetic Servs. Inc.*, 252 F.3d 1039, 1056 (9th Cir.2001) ("[F]ederal copyright laws ensure predictability and certainty of copyright ownership . . . .") (quoting *In re Peregrine Entm't, Ltd.*, 116 B.R. 194, 199 (C.D.Cal.1990)). It would also damage, if not extinguish, the "principal purpose" of the Copyright Act, which is "to encourage the origination of creative works by attaching enforceable property rights to them." *Diamond v. Am-Law Publ'g Corp.*, 745 F.2d 142, 147 (2d Cir.1984); *see also Veeck v. S. Bldg. Code Congress Int'l Inc.*, 241 F.3d 398, 402 (5th Cir.2001) ("The core purpose of copyright law is 'to secure a fair return for an author's creative labor' and thereby 'to stimulate artistic creativity for the general public good.' ") (quoting *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156, 95 S.Ct. 2040, 45 L.Ed.2d 84 (1975)). If retroactive transfers and licenses were permissible, one could never reliably and definitively determine if and when an infringement occurred, because an infringement could be "undone" by the very sort of maneuver attempted by defendants in this case. *See Venegas-Hernandez v. Asociación De Compositores y Editores de Música*

Latinoamericana, 424 F.3d 50, 60 (1st Cir.2005) ("Fitting agency concepts like 'retroactive authorization' into copyright law provides plenty of room for debate; obviously a license in 1998 did not 'cause' a 1993 infringement.").[12] Similarly, one could never know who the pool of authorized users or licensors of a copyright would be at any given time, because a retroactive transfer could always turn an infringer into a potential user or licensor, who would then have the ability to grant his own retroactive licenses or retransfer his new (retroactive) interest retroactively.

This case demonstrates why permitting such an indeterminate legal regime could create substantial mischief. Construing the facts in a light most favorable to Davis, as we are required to do in the case of a summary judgment, Miller had no right to use or license the disputed compositions at the time they were used on the Album or at the time he licensed them to the third-party defendants. The third-party defendants are, in turn, potentially liable for infringement to Davis because they never obtained a legitimate right to use the disputed compositions.[13] If Chambliss were permitted

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12. *Venegas-Hernandez* had no occasion to address the retroactivity issue—what it described as a "recherché area of copyright law," *id.*—because the party seeking to benefit from a retroactive license in that case did not adequately pursue it.

13. Miller could be exposed to liability under a theory of contributory infringement or for unauthorized licensing of the disputed compositions even if he himself had not used the

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disputed compositions without authorization. While an owner of a copyright may assign an expectancy of a renewal interest in that copyright validly, *see Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 656-57, 63 S.Ct. 773, 87 L.Ed. 1055 (1943) (holding that an assignment of renewal rights in advance of the owner securing the right to renew was valid), one who grants a license without holding any interest in the copyright at the time the license is granted is differently situated because he purports to exercise a right he does not-and cannot-possess without the consent of the copyright owner. Thus, the unauthorized licensor may be liable for infringement committed by his unauthorized licencees under a theory of contributory infringement as "one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another." *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159, 1162 (2d Cir.1971) (footnote omitted); *see also Sony Corp.*, 464 U.S. at 435, 104 S.Ct. 774 (recognizing theory of contributory infringement); *CoStar Group, Inc. v. LoopNet, Inc.*, 373 F.3d 544, 550 (4th Cir.2004) (discussing theory of contributory infringement). The unauthorized licensor also arguably "violates ... the exclusive rights of the copyright owner," 17 U.S.C. § 501(a), "to authorize" who may use the copyright, 17 U.S.C. § 106. *But cf. Venegas-Hernandez*, 424 F.3d at 57-59 (holding that an unauthorized licensor is not liable for copyright infringement absent evidence that the unauthorized licensees actually infringed the copyright).

In any event, Miller would have exceeded his authority as a co-owner to the extent he granted a third-party an exclusive license to the disputed compositions, because he did not join Davis to the licensing agreement. *See* 17 U.S.C. § 201(d)(2); 1 *Nimmer* § 6.11 (noting prohibition on one co-owner granting an exclusive license without consent of co-owners).

to assign his interest in the disputed compositions retroactively, Davis's infringement claims would fail not only against Miller (because Miller would be "retroactively authorized" to use the compositions as a co-owner), but also against the third-party defendants, whose illegitimate licenses would retroactively become legitimate because Miller (by operation of the legal fiction of retroactivity) would now have been authorized as a co-owner to grant third parties the right to use the disputed compositions. Thus, Chambliss's alleged retroactive assignment to Miller of the disputed compositions, for consideration of one dollar each, would have the effect of unraveling valuable accrued infringement claims against not only the retroactive assignee (Miller) but also his licensees.[14]

The second policy reason disfavoring retroactive copyright transfers and licenses that extinguish the right of other co-owners is that such retroactive activity lowers the cost of infringement to infringers, thus making infringement more attractive. An infringer could "buy" his way out of an infringement suit, in which an injured owner may seek enhanced statutory damages and costs, *see* 17 U.S.C. § 504, by paying a single

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14. We note that were we to permit retroactive transfers of copyright interests in these circumstances, infringers who obtained a retroactive transfer of a copyright interest could not only grant retroactive licenses but also sue *other* past infringers of the copyright. These retroactive co-owners could then issue retroactive licenses to these other past infringers, thwarting yet other potential infringement suits by a non-licensing co-owner.

co-owner for a license or assigned copyright interest. A retroactive license or assignment that can be obtained from a co-owner not bringing suit, or one willing to settle for a lower price than the co-owner bringing the action, is likely to cost much less than the value of the copyright interest including the cost of litigation. The result is that infringement is encouraged and rewarded. This economic incentive to infringe runs directly counter to the intent of Congress in passing 17 U.S.C. § 504—namely to "compensate the copyright owner for losses from the infringement, and . . . to prevent the infringer from unfairly benefitting from a wrongful act." *Abeshouse v. Ultragraphics, Inc.*, 754 F.2d 467, 470 (2d Cir.1985) (quoting H.R.Rep. No. 94-1476, at 161).[15]

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15. If the retroactive agreement were given effect, the possibility that Davis could seek an accounting from Miller, *see Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 571 (2d Cir.1955) ("*Shapiro I*"), *modified*, 223 F.2d 252, 254 (2d Cir.1955) ("*Shapiro II*") ("[E]ach holder of the . . . copyright should account to the other for his exploitation thereof[ ]—not as an infringer but as a trustee."), would be an inadequate substitute for Davis's accrued infringement claims. If Davis retained her accrued infringement claims, in order to obtain damages and profits from defendants she would only need to prove defendants' gross revenues from the disputed compositions; the burden would then shift to defendants to prove that their profits were less than their gross revenues. *See* 17 U.S.C. § 504(b) ("[T]he copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work."). Davis would also be able to elect statutory

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For the reasons stated above, we conclude that the written transfer agreements, through which Chambliss allegedly transferred his interests in the disputed compositions to Miller, cannot extinguish Davis's accrued infringement claims against any of the defendants. On remand, the District Court shall adjudicate Davis's infringement claims without giving effect to the purported retroactive assignment of Chambliss's interest in the disputed compositions.[16]

We now turn to address defendants' alternative argument regarding ratification. Miller argued before the District Court that Chambliss transferred his interests in the disputed compositions (and potentially

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damages "at any time before final judgment is rendered." *Id.* § 504(c)(1). Were Davis to only have an accounting remedy against Miller, however, she would be unable to elect statutory damages; she would bear the full burden of proof in demonstrating Miller's profits from the licensing of the disputed compositions; and she would only be entitled to an "equitable share" of Miller's profits, *Shapiro I*, 221 F.2d at 571, rather than all of the profits. Moreover, if Davis were limited to an accounting remedy against Miller, she would be unable to recoup either profits obtained by the third-party defendants as a result of their unauthorized use of the disputed compositions, or her own damages as a result of that unauthorized use.

16. We express no opinion on whether the transfer agreements should be given prospective effect, or—if they are given prospective effect—whether the transfer agreements would limit Davis's remedies against the third-party defendants.

other compositions) to Miller in 1998 or early 1999, in an alleged oral agreement, before the alleged infringement occurred. Miller and his co-defendants acknowledged that the Copyright Act requires all transfer agreements—including assignments—to be in writing, *see* 17 U.S.C. § 204(a), but argued that the transfer agreements ratified the earlier oral agreement. *See Davis*, 419 F.Supp.2d at 497-98. Because the District Court found that "a genuine issue exists as to whether Chambliss ever orally transferred his rights in the [disputed c]ompositions to Miller," the District Court did not "consider whether the [transfer a]greements [were] sufficient to satisfy the writing requirement [of the Copyright Act] as a written ratification of a prior oral transfer." *Id.* at 498.

We conclude that, even if an oral agreement assigning Chambliss's copyright in the disputed compositions to Miller was reached in 1998 or 1999, the oral agreement cannot be "ratified" retroactively by the 2004 transfer agreements to defeat Davis's accrued infringement claims. This is so for the same reasons we cannot give the transfer agreements themselves retroactive effect. If there was no written agreement between Miller and Chambliss documenting the alleged assignment at the time the disputed compositions were used by defendants, defendants had no legal right to use the disputed compositions,[17] and Davis's right to sue

17. The following discussion assumes that Davis proves at trial that she holds copyright in the disputed compositions, and that the Album compositions infringed her copyright in the disputed compositions.

for infringement accrued. Chambliss and Miller could not extinguish Davis's accrued infringement claims by "ratifying" an earlier oral agreement that had no legal effect at the time it was made, because doing so would require us to employ a legal fiction—treating the transfer agreements as if they were written in 1998 or 1999, rather than 2004—to obtain a counterintuitive and inequitable result.

Our opinion in *Eden Toys* is readily distinguishable from the facts of the instant case. In *Eden Toys*, we held that a third-party infringer could not assert the invalidity of an alleged 1975 oral agreement for an exclusive license, which was allegedly memorialized in a 1980 writing, to defeat an infringement claim brought by the exclusive licensee. *See Eden Toys*, 697 F.2d at 36-37. We first noted that the alleged oral agreement was valid at the time it was made, *see id.* at 36 (noting that "[u]nder the pre-1978 copyright law, exclusive licenses could be granted orally or by conduct"). We then held that, because the purpose of the writing requirement in the Copyright Act of 1976 was "to protect copyright holders from persons mistakenly or fraudulently claiming oral licenses . . . [where] the copyright holder appears to have no dispute with its licensee on this matter, it would be anomalous to permit a third party infringer to invoke this provision against the licensee." *Id.*

In this case, however, the "third party" is a copyright holder who *does* have a dispute with the alleged licensee or transferee and who would stand to lose her accrued rights to sue for infringement if an allegedly fraudulent

oral agreement were given legal effect. Thus it would be anomalous *not* to let Davis invoke § 204(a) in support of her infringement claims. Even if a third-party infringer cannot, under *Eden Toys,* contest the validity of an oral transfer agreement under pre-1978 copyright law that is later confirmed in writing, *see Magnuson v. Video Yesteryear,* 85 F.3d 1424, 1429 (9th Cir.1996) (stating that "[t]he logic of *Eden Toys* is particularly compelling in this case" and holding that a third-party infringer could not assert as a defense to an infringement claim the alleged invalidity of an oral transfer agreement that was later confirmed in writing); *Billy-Bob Teeth, Inc. v. Novelty, Inc.,* 329 F.3d 586, 592 (7th Cir.2003) (holding that a third-party infringer lacked "standing" to contest the validity of an oral assignment that was later confirmed in writing), we do not read *Eden Toys* to foreclose a presumed copyright holder (Davis) from using the invalidity of an alleged oral transfer agreement to *defeat an infringer*'s effort to avoid liability for accrued infringement claims.[18]

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18. Because we hold that a written confirmation of an earlier oral transfer agreement cannot extinguish a copyright owner's accrued infringement claims, we need not decide whether there ought to be, as a general rule, any other limitations on permitting oral transfer agreements to be validated at a later date by a writing that complies with the requirements of § 204(a). *Cf. Konigsberg Int'l Inc. v. Rice,* 16 F.3d 355, 357 (9th Cir.1994) (holding that copyright owner's letter, written "three and a half years after the alleged oral agreement, a year and a half after its alleged term would have expired and 6 months into a contentious lawsuit," was "not the type of writing contemplated by section 204 as sufficient to effect

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Appendix A

CONCLUSION

Inasmuch as the alleged retroactive written agreements purporting to transfer Chambliss's copyright interests to Miller could not also transfer Davis's copyright interests, Davis's accrued causes of action for infringement were not affected by the agreement between Chambliss and Miller. Accordingly, the District Court erred in granting summary judgment to defendants. The District Court's order of November 22, 2005 is hereby vacated and the cause is remanded for proceedings consistent with this opinion.

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a transfer of the copyright," because it was not "a product of the parties' negotiations" and "came far too late to provide any reference point for the parties' license disputes"); *Magnuson*, 85 F.3d at 1429 n. 1 (stating that "the problem with the writing in [*Konigsberg*] was not so much that it was not contemporaneous with the agreement but that it was 'not the *type* of writing contemplated by section 204' " (quoting *Konigsberg*, 16 F.3d at 357)).

We also need not decide whether Chambliss's alleged oral agreement with Miller might be interpreted to have granted Miller a valid nonexclusive license to use the disputed compositions. *See Graham*, 144 F.3d at 235 ("nonexclusive licenses . . . may be granted orally" (quoting 3 *Nimmer* § 10.03[A][7])). We note that while a nonexclusive license from Chambliss to Miller might immunize Miller from Davis's claims of infringement against him for use of the disputed compositions, Miller would not, as a nonexclusive licensee, have been be able to grant licenses of any kind to his codefendants. Accordingly, even if Davis in such circumstances had no claim against Miller, she would continue to have claims against the other defendants.

APPENDIX B — MEMORANDUM, OPINION AND ORDER OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK DATED NOVEMBER 22, 2005

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

03 CV. 993 (CSH)

SHARICE DAVIS,

Plaintiff,

-against-

MARY J. BLIGE, BRUCE MILLER, RONALD LAWRENCE, KWAME HOLLAND, DANA STINSON, AUSAR MUSIC, MARY J. BLIGE PUBLISHING, BRUCE MILLER PUBLISHING, KWAME HOLLAND PUBLISHING, MARY J. BLIGE MUSIC, DAYNA S. DAY PUBLISHING CO., WARNER-TAMERLANE PUBLISHING CO., UNIVERSAL MUSIC GROUP, INC., UNIVERSAL STUDIOS, INC., UNIVERSAL MUSIC PUBLISHING GROUP, UNIVERSAL-MCA MUSIC PUBLISHING, UNIVERSAL MUSIC & VIDEO DISTRIBUTION, CORP., and MCA RECORDS, INC.,

Defendants.

Appendix B

MEMORANDUM, OPINION AND ORDER

HAIGHT, Senior District Judge.

This is an action asserting copyright claims under the Copyright Act, 17 U.S.C. §§ 101 et. seq., a claim for declaratory judgment under 28 U.S.C. § 2201, and state law claims for unfair competition, unjust enrichment, and for consumer protection claims under the New York General Business Law §§ 349 and 350.[1] Defendants move for summary judgment as to all of plaintiff's claims.

I. BACKGROUND

The dispute in the instant action centers upon the release in 2001 of an album entitled "No More Drama" (hereinafter, the "Album"), performed by the defendant songwriter and recording artist Mary J. Blige. J. Davis Decl., Ex. A ¶ 25. Since its release, the Album has achieved triple platinum status. Page Decl., Ex. I. Plaintiff Sharice Davis alleges that two of the songs contained on the Album, "LOVE" and "Keep it Moving" (hereinafter referred to collectively or individually as the "Album Composition(s)"), infringe her copyright in two works of original authorship, "L.O.V.E." and "Don't Trade in My Love" (hereinafter referred to collectively or individually as the "Disputed Composition(s)"). Page Decl., Exhs. F & G. Specifically, Davis claims that the Album Composition "LOVE" is virtually identical to the

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1. Plaintiff, in her complaint, asserted a claim for violation of Lanham Act § 43(a). In Plaintiff's Opposition to Defendants' Motion for Summary Judgment, plaintiff did not oppose the motion as to the Lanham Act claim, and it is therefore considered withdrawn.

Appendix B

Disputed Composition "L.O.V.E.," and the Album Composition "Keep it Moving" bears substantial similarity to the Disputed Composition "Don't Trade in My Love." *Id.* The labels and packaging of the Album identify Blige, her brother Bruce Miller, Dana Stinson, Ronald Lawrence, and Kwame Holland as co-writers of the Album Compositions.[2] Complaint ¶¶ 62-63. Each of these defendants, along with their respective music publishing companies, also named as defendants, join the present motion for summary judgment as Moving Defendants.[3]

The circumstances surrounding the creation of the Disputed Compositions are at issue. In deposition testimony, Davis conceded that the Disputed Compositions were co-authored by non-party Bruce Chambliss, defendant Miller's father. Page Decl., Ex. B

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2. Blige, Miller, Lawrence, and Holland are credited as co-writers of Album Composition "LOVE". Blige Miller, and Stinson are credited as co-writers of Album Composition "Keep it Moving."

3. These defendants are: Ausar Music Publishing, Ltd. (Lawrence's music publishing company), Dayna's Day Publishing (Stinson's music publishing company), Warner-Tamerlane Publishing Corp. (publishing company that owns, controls, and/or administers Stinson's musical compositions), Universal Music Group, Inc., Universal Studios, Inc., Universal Music Publishing, Inc., Universal-MCA Music Publishing, Universal Music & Video Distribution Corp. (engaged in recording, publishing, distributing, marketing, and selling musical compositions and recordings, including Blige's musical compositions and recordings). J. Davis Decl., Ex. A ¶¶ 11, 17-23.

at 22, 152, 156-62, 165, 172-3, 175-6, 278, 305. Davis registered the Disputed Compositions with the United States Copyright Office on two occasions, listing Chambliss as a co-author (one set bearing the date August 2, 2002, the other undated). J. Davis Decl., Exhs. B & C. In deposition testimony, Miller likewise asserts that Chambliss is the author of Disputed Composition "L.O.V.E." Page Decl., Ex. E at 226. Miller also presents two written agreements (hereinafter, the "Written Agreement(s)"), in which Chambliss assigns his rights in each of the Disputed Compositions to Miller. Chambliss Decl., Exhs. A & B. The Written Agreements are dated June 23, 2004, one day prior to Chambliss' deposition. The Written Agreements each provide that "[Bruce Chambliss] does hereby sell, assign, transfer and set over unto Bruce Miller d/b/a CWAB Music (SESAC), its successors and assigns, an undivided one hundred percent (100%) share in and to all of [Bruce Chambliss's] right, title and interest in the [Disputed Composition] of the universe-wide copyrights in and to the musical composition . . . IN WITNESS WHEREOF, [Bruce Chambliss] has duly executed this instrument of transfer as of the date I first create [sic] the above-referenced Composition . . ." *Id.* According to Defendants, the Written Agreements served to memorialize a prior oral transfer by Chambliss of all his musical compositions to Miller. J. Davis Decl., Exhs. E & F (Miller Tr. at 98-99, 106; Chambliss Tr. at 37-8, 114, 157, 166). Davis hotly contests the existence of any oral transfer. Plaintiff's Memorandum of Law in Opposition to Defendants' Motion for Summary Judgment at 4-8,

14-15. The alleged oral transfer first came to light during the Miller deposition on December 9, 2003. Page Decl., Ex. E at 98-99.

Davis' Complaint alleges six claims. Davis' First Claim, for copyright infringement, asserts that Defendants engaged in unauthorized copying, distribution, sale and performance of Davis' copyrighted works and that such infringement was intentional, willful and with full knowledge of Davis' copyrights. She seeks both monetary damages and injunctive relief restraining Defendants and their agents from reproducing, distributing, or selling the Album or the Disputed Compositions.

Davis' Second Claim is a prayer for declaratory relief, requesting that the Court issue a declaration that Davis is owner of Album Composition "LOVE" and one-half owner of an undivided interest in Album Composition "Keep it Moving," and as such is entitled to one hundred percent of the royalties generated in connection with Album Composition "LOVE," and fifty percent of all royalties generated in connection with Album Composition "Keep it Moving."

Davis' Third Claim for violation of Lanham Act § 43(a), asserts that Defendants falsely designated the origin of their goods in interstate commerce by falsely identifying and misrepresenting the authors of the Album Compositions. Davis seeks injunctive relief and damages.

Davis' Fourth Claim, for unfair competition, asserts that Defendants knowingly and willfully confuse the public "by creating the false and misleading impression that the [Disputed Compositions] were authored by persons other than Davis." Complaint ¶ 99.

Davis' Fifth Claim alleges unjust enrichment against defendants Blige and Miller.

Davis' Sixth Claim asserts violations under the New York General Business Law, claiming that defendants' acts were intentionally designed to mislead the public by creating the false impression that Disputed Compositions were authored by persons other than Davis, conduct which constitutes deceptive acts and practices in the conduct of trade and commerce and false advertising in violation of §§ 349 and 350 of the New York General Business Law.

Defendants move for summary judgment as to the copyright infringement claim on the basis of the Written Agreements. Defendants contend that these agreements reflect an assignment of Chambliss' copyright interests to Miller, who, thereby possessing the rights of a co-author, cannot infringe the copyright as a matter of law.

Davis resists the motion as to all aspects, with an exception as to her Third Claim for relief under the Lanham Act. Davis did not reply to Defendants' motion for summary judgment as to this count.

Appendix B

II. DISCUSSION

For the reasons that follow, I grant defendants' Motion for Summary Judgment as to all Davis' claims.

A. Standard of Review on Motion for Summary Judgment Pursuant to Rule 56

Rule 56 of the Federal Rules of Civil Procedure provides that a court shall grant a motion for summary judgment "if the pleading, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue of material fact and that the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(c); *see also Celotex Corp. v. Catrett*, 477 U.S. 317, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). "The party seeking summary judgment bears the burden of establishing that no genuine issue of material fact exists and that the undisputed facts establish her right to judgment as a matter of law." *Rodriguez v. City of New York*, 72 F.3d 1051, 1060-61 (2d Cir.1995). The substantive law governing the case will identify those facts which are material and "only disputes over facts that might affect the outcome of the suit under governing law will properly preclude the entry of summary judgment." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986).

In determining whether a genuine issue of material fact exists, a court must resolve all ambiguities and draw all reasonable inferences against the moving party.

Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 587, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986). If there is "any evidence in the record from any source from which a reasonable inference could be drawn in favor of the non-moving party," then summary judgment should be denied. *Chambers v. TRM Copy Centers Corp.*, 43 F.3d 29, 37 (2d Cir.1994).

B. Copyright Infringement

The defendants' motion rests upon Chambliss' alleged transfer to Miller of his rights in the Disputed Compositions. The defendants contend that Chambliss orally transferred these rights sometime between late 1998 and early 1999, and that this oral transfer was ratified by the Written Agreements between Chambliss and Miller, signed on June 23, 2004. The Copyright Act requires that transfers of copyright ownership be made in writing. 17 U.S.C. § 204(a). The writing requirement may be satisfied, however, by the copyright owner's subsequent execution of a writing confirming the earlier oral agreement. *Eden Toys, Inc. v. Florelee Undergarment Co., Inc.*, No. 80 CIV. 2242, 1984 WL 2120, at *2 (S.D.N.Y. Jan. 31, 1984); *Dan-Dee Imps., Inc. v. Well-Made Toy Mfg. Co.*, 524 F.Supp. 615, 618 (E.D.N.Y.1981); Melvin Nimmer & David Nimmer 1 Nimmer on Copyright § 6.10 (2005) (hereinafter "Nimmer"). The first question, then, is whether or not an oral agreement did in fact exist between Chambliss and Miller.

Appendix B

A number of inconsistencies are apparent in the testimony describing the alleged oral transfer and subsequent written confirmation. Most significant of these is Chambliss' testimony as to the timing of the alleged oral transfer. Chambliss claims he was motivated to sign over his rights in all of his musical works to his son because he knew he would be going to prison. Chambliss was incarcerated for six and a half months prior to or in 1997 and again from March 2001 until the spring of 2003. Page Decl., Ex. L at 6-7, 15-16, 39. The earlier incarceration took place before the creation of the Disputed Compositions, whereas the later sentence was served after the song "L.O.V.E." had already been used by Miller. Page Decl., Ex. E at 95. Thus Chambliss' recollection appears to be in error. Chambliss' timing is not only internally inconsistent, it is also contradicted by the testimony of Miller, who dates the transfer to either late 1998 or early 1999. *Id.* at 98. Neither Chambliss nor Miller provides any further details or specific terms of the oral transfer. They both testify simply that Chambliss orally transferred all the songs he had ever written to Miller.

Furthermore, the existence of the alleged oral agreement was unknown to any of the other parties involved in this lawsuit until Miller's deposition on December 9, 2003. In Chambliss' deposition testimony, which both confirms the oral transfer and makes reference to a written agreement memorializing that transfer, Chambliss was unable to recall the day, or even the month, in which he executed the written agreement, despite the fact that the written agreement is dated

June 23, 2004, the day before the Chambliss deposition was taken. Page Decl., Ex. L at 114, Page Decl., Ex. O. Nor was he able to recall which songs were listed in the written agreement, or whether these songs had already been used or would be used sometime in the future. Page Decl., Ex. L at 115-116. Finally, Davis maintains that Chambliss told her, in the presence of a witness, Catherine Ottaviani, that she could have all the songs they had co-written, that those songs were hers to keep and to do with them as she wished. Page Decl., Ex. E at 184. Taken together, these inconsistencies amount to a factual issue that must be resolved by a finder of fact. In resolving all ambiguities and drawing all inferences against Defendants, as the movants, I conclude that a reasonable jury could find an oral agreement never existed between Chambliss and Miller.

Since a genuine issue exists as to whether Chambliss ever orally transferred his rights in the Prior Compositions to Miller, the Court need not consider whether the Written Agreements are sufficient to satisfy the writing requirement as a written ratification of a prior oral transfer.

Defendants contend, however, that even if there was no prior oral transfer, thus making the June 23, 2004 agreements the first transfer by Chambliss to Miller, the written agreements would nonetheless be valid to defeat Davis' claims. I agree. Defendants argue that, as a co-owner of the copyright in the Disputed Compositions, Chambliss may grant a retroactive license to the works that cures past infringement. The Written

Agreements, defendants claim, serve to retroactively transfer the Disputed Compositions to Miller. Defendants argue that, having effected authorization from one joint copyright owner, they are immunized from any copyright infringement action brought by the other joint owner.

Despite the factual questions that abound as to any prior oral agreement between Chambliss and Miller, there exists no genuine issue as to the intent of co-author Chambliss to transfer his rights to Miller, nor his realization of this intent in the Written Agreements of June 23, 2004. Lower court opinions on this question, including those of this court, are generally in agreement. Where there is no dispute between transferor and transferee of a copyright as to the validity of the transfer, such a transfer has been consistently upheld. This is the case even where the license or transfer takes place after the institution of an action for copyright infringement, and indeed, even where the plaintiff in the action is the other co-owner of the copyright and the retroactive license or transfer by one co-owner serves to bar the infringement claim of the other co-owner. *See Country Road v. MP3.COM, Inc.*, 279 F.Supp.2d 325 (S.D.N.Y.2003) (settlement agreement between defendants and co-owner granting defendant retroactive reproduction rights barred any infringement claim by remaining co-owners and cured any past infringement); *Copyright.net Music Publishing LLC v. MP3.COM*, 2003 WL 740757 (S.D.N.Y. March 4, 2003) (same); *Silverstein v. Fox Entertainment Group, Inc.*, 2004 WL 1620895 (S.D.N.Y. July 19, 2004) (retroactive

license, obtained after alleged infringement occurred and after institution of legal action, immunized defendant from infringement); *Lone Wolf McQuade Assocs. v. CBS Inc.*, 961 F.Supp. 587, 597 (S.D.N.Y.) (retroactive license cures past infringement); *Tuff-N-Rumble Mgmt., Inc.*, 2000 WL 1808486 (E.D.La. Dec. 8, 2000) (co-owner's grant of retroactive license to co-defendant during litigation barred plaintiff's infringement claims).

In *Silverstein v. Fox Entertainment*, a publicist commissioned an artist to create an animated character, for use in a variety of campaigns. Shortly thereafter, as the publicist began to promote the animated character, she discovered that Twentieth Century Fox was producing a similar character for use in an animated feature film. The publicist initiated suit against Fox, seeking to enjoin the film company from distributing or displaying any products featuring the animated character. In the course of the litigation, it came to light that the animated character was copied entirely from a copyrighted beaver created by a clip art company, which in turn had hired an artist to draw the character for the company. The artist and the clip art company each owned an undivided one-half interest in the animated character. The publicist purchased the artist's rights in and to the animated character retroactive to the date of creation. In order to avoid liability to the publicist, Fox subsequently entered into an agreement with the clip-art company for a non-exclusive license, retroactive to the creation of the animated character. The publicist attempted to maintain her suit against Fox. The court found, however, that both plaintiff and defendant had a

right to use the animated character, through the retroactive transfer and retroactive license respectively. Judge Holwell's opinion explains:

> "There can be no copyright infringement action by a holder of a copyright against a licensee of another holder of the same copyright. The retroactivity of the licensing agreement between [the clip art company] and Fox has no necessary effect on its power to immunize Fox against claims of infringement of the Beaver copyright. A retroactive license *can cure past infringements*."

2004 WL 1620895, at *9 (citations and internal quotation marks omitted) (emphasis added). *A fortiori*, the same result obtains in the case of a retroactive complete and total assignment, which is the situation presented by the case at bar, even if one assumes that there was no prior oral agreement between Chambliss and Miller.

The reason for this seemingly draconian outcome is that a co-owner has a legal right to grant a license in a work without another co-owner's permission or to transfer his rights in the copyright freely. *See* 1 Nimmer § 6.11. Absent an agreement to the contrary, one joint owner may always transfer his interest in the work to a third party, including the grant of non-exclusive licenses. Only an exclusive license requires the consent of any other joint owners, because such a license would have the effect of transferring the other joint owners'

interest to a third party. *Id.* A joint author is entitled only to an accounting of his share of the profits for the other joint author's use of the joint work. *See Thompson v. Larson*, 147 F.3d 195, 199 (2d Cir.1998). "[A]n action for infringement between joint owners will not lie because an individual cannot infringe his own copyright." *Weissman v. Freemen*, 868 F.2d 1313, 1318 (2d Cir.1989).

In the case at bar, Davis' status as joint owner with Chambliss, who in turn transferred his interests to Miller, bars her from stating a claim for copyright infringement against Miller, or any of the other defendants, his licensees. *See Weissman*, 868 F.2d at 1318; *McKay v. Columbia Broadcasting Sys., Inc.*, 324 F.2d 762, 763 (2d Cir.1963) ("a license from a co-holder of a copyright immunizes the licensee from liability to the other co-holder for copyright infringement") (internal citations omitted).

Davis relies on only two copyright cases, in urging the Court to rule against a retroactive transfer. One of these, in this district, *David v. Showtime/The Movie Channel, Inc.*, 697 F.Supp. 752 (S.D.N.Y.1988), is inapposite. That case involved a retroactive *application* to plaintiffs for a license, as prescribed by a longstanding consent decree between plaintiffs and the Department of Justice. Defendants' license had expired several years earlier, however both parties entered into lengthy negotiations intending to renew their licensing agreements. *Id.* at 754. When the parties could not agree on a new licensing rate, defendants made a written

application to plaintiffs to become licensed again, intending this license to be retroactive to the date of the last license's expiry. *Id.* at 755. The court refused to construe defendants' application for a retroactive license as a bar to plaintiff's claim for copyright infringement over the intervening years between expiration of the first license and the later application for a renewal. *Id.* at 764. The only other opinion cited by Davis involving copyright infringement claims, *Leicester v. Warner Bros.*, 1998 WL 34016724 (C.D.Cal. May 29, 1998), was decided principally on the ground that the defendant possessed a non-exclusive license, and therefore did not have a right to sub-license others. *Leicester v. Warner Bros.*, 1998 WL 34016724, at *5.[4]

Perhaps recognizing this state of the law and its consequences for her case, Davis urges the Court to invalidate the Written Agreements on the basis that the agreements are unsupported by consideration. Plaintiff's Memorandum of Law in Opposition to Defendants' Motion for Summary Judgment at 19. This argument has little merit. Davis has no standing to contest the Agreements' validity. *Cf. County of Tioga v. Solid Waste Indus., Inc.*, 178 A.D.2d 873, 577 N.Y.S.2d 922 (3d Dep't 1991) ("We initially reject [the] argument that as a judgment creditor [of co-defendant] it has

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4. The court later stated that it rejected the defendant's argument "for another reason," explaining that it did not accept the idea that a later grant of a license could validate earlier infringement. *Id.* at *6. That alternative ground for decision is contrary to the great weight of authority cited in text, and I decline to follow it.

standing to raise the affirmative defense of lack of consideration in the foreclosure action because it is a necessary party to the action. This affirmative defense is personal to the parties to the contract, and . . . a stranger to the mortgage and the underlying contract, may not assert it"). Furthermore, "parties to a contract are free to make their bargain, even if the consideration exchanged is grossly unequal or of dubious value." *Minuteman Press Int'l, Inc. v. Matthews*, 232 F.Supp.2d 11, 16 (E.D.N.Y.2002), *quoting Apfel v. Prudential-Bache Secs., Inc.*, 81 N.Y.2d 470, 475, 600 N.Y.S.2d 433, 435, 616 N.E.2d 1095 (1993); *Granite Partners, L.P. v. Bear, Stearns & Co. Inc.*, 58 F.Supp.2d 228, 252 (S.D.N.Y.1999).[5]

Davis is unable to provide factual evidence to contradict Chambliss' written agreement, verified in his deposition testimony, as to his intent and transfer of his right in the Disputed Compositions to Miller. As a matter of law, Davis' copyright infringement claim is barred.

C. Declaratory Judgment Claim

Since Davis has no claim for copyright infringement against defendants, her claim for declaratory judgment must also be denied. Davis' status as joint owner not only bars her from stating a claim for copyright infringement, it also precludes a declaration that Davis

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5. Moreover, it appears that no consideration is required under federal law to effectuate a copyright transfer, unless such consideration is required by the transaction itself. 3 Nimmer § 10.03.

has any ownership interest in the Album Compositions. A non-participating co-owner acquires no property rights in a newly created derivative work. *See Weissman v. Freeman*, 868 F.2d 1313, 1318 (2d Cir.1989); *Maurizio v. Goldsmith*, 84 F.Supp.2d 455, 467 (S.D.N.Y.2000). Since Miller is a co-owner of the Disputed Compositions, he is authorized to incorporate them into derivative works. Davis cannot obtain a property interest in the derivative works solely on the basis of her co-ownership of the Disputed Compositions.

D. State Law Claims

Plaintiff's remaining claims are asserted under state law. Where, as here, all federal law claims are dismissed before trial, "the balance of factors to be considered under the pendent jurisdiction doctrine—judicial economy, convenience, fairness, and comity—will point toward declining to exercise jurisdiction over the remaining state-law claims." *See Silverstein*, 2004 WL 1620895, at *9 (citing *502 *Carnegie-Mellon Univ. v. Cohill*, 484 U.S. 343, 350 n. 7, 108 S.Ct. 614, 98 L.Ed.2d 720 (1988)). I therefore decline to exercise jurisdiction over the remaining state law claims.

Appendix B

III. CONCLUSION

For the foregoing reasons, the first, second and third claims alleged in the complaint are dismissed with prejudice. Because the Court declines to assert subject matter jurisdiction over the fourth, fifth and sixth claims, they are dismissed without prejudice.

It is SO ORDERED.

Dated: New York, New York
November 22, 2005

s/ Charles S. Haight, Jr.
Charles S. Haight, Jr.
SENIOR UNITED STATES DISTRICT JUDGE

APPENDIX C — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT DENYING PETITION FOR REHEARING FILED MARCH 4, 2008

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Catherine O'Hagan Wolfe
CLERK OF COURT

At a stated term of the United States Court of Appeals for the Second Circuit, held at the Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, in the City of New York, on the ___ day of March two thousand and eight,

No. 05-6844-cv

Sharice Davis,

Plaintiff-Appellant,

v.

Mary J. Blige, Bruce Miller, Ronald Lawrence, Kwame Holland, Dana Stinson, Ausar Music, Mary J. Blige Publishing, Bruce Miller Publishing, Kwame Holland Publishing, Mary J. Blige Music, Dayna S. Day Publishing, Warner-Tamerlane Music Publishing Corp., Universal Music Group, Inc., Universal Studios, Inc., Universal Music Publishing Group, Universal-MCA Music Publishing, Universal Music & Video Distribution Corp., and MCA Records, Inc.,

Defendants-Appellees.

Appendix C

ORDER

Appellee Mary Blige, Appellee Mary J. Blige Music, Appellee Bruce Miller Publishing, et al. having filed a petition for panel rehearing, or, in the alternative, for rehearing *en banc*, and the panel that determined the appeal having considered the request for panel rehearing, and the active members of the Court having considered the request for rehearing *en banc*,

IT IS HEREBY ORDERED that the petition is denied.

For the Court:
Catherine O'Hagan Wolfe, Clerk

By: s/ Frank Perez
Frank Perez, Deputy Clerk

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(3)

No. 07-1516

FILED
AUG 6 - 2008
OFFICE OF THE CLERK
SUPREME COURT, U.S.

IN THE

Supreme Court of the United States

MARY J. BLIGE, *et al.*,

Petitioners,

v.

SHARICE DAVIS,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether petitioners have demonstrated any compelling reason for this Court to decide an issue of first impression for any circuit court.

2. Whether petitioners have demonstrated any compelling reason for this Court to decide an issue which, contrary to petitioners' unsustainable suggestion, does not implicate any statutory rights, but rather, clarifies the rights of copyright co-owners, an area that has always been the province of courts by virtue of the Copyright Act's silence upon the issue and express Congressional authority leaving this area to the common law.

3. Whether petitioners have demonstrated any compelling reason to review the Second Circuit's decision that prevented petitioners' underhanded contrivance — an 11th-hour, end-of-discovery, no-consideration, retroactive transfer of disputed songs by a non-litigating co-owner to petitioners — from non-suiting respondent, who had spent years pursuing her rights to songs that a disinterested college professor had witnessed her compose and that later appeared on a platinum-selling 2001 album by petitioner Mary J. Blige, the step-daughter of respondent's co-author.

4. Whether a single copyright co-owner should be permitted to transfer co-owned property, unilaterally and retroactively, to defendants to a pending infringement suit brought by another copyright co-owner, in order to defeat such a suit.

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COUNTER STATEMENT OF THE CASE

Petitioners' application for a writ of *certiorari* would have this Court decide what, as the Second Circuit observed, was a question "of first impression in the courts of appeals," A.2, with only a handful of prior district court decisions on the issue. A.22-23, 50-54. That question is "whether an action for infringement by one co-author of a song can be defeated by a 'retroactive' transfer of copyright ownership from another co-author to an alleged infringer." A.2. The answer given by the Second Circuit is that while one copyright co-owner is free to settle his own infringement claims howsoever he may choose, A.28, permitting him simultaneously to release an infringement claim belonging to his non-consenting co-owner would perversely incentivize infringement, A.33-34, frustrate the goals of predictability and certainty of copyright ownership, A.30-33, retroactively extinguish another's vested infringement claim, A.26-27, and fly in the face of well-established and well-regarded principles of copyright law, A.16-18, 26, property law, A.24-25, contract law, A.27, tort law, A.26-27 and patent law. A.28-29.

Petitioners have not so much as suggested the existence of a circuit split or any other meaningful split of authority, nor have they invoked any of the other considerations governing review on *certiorari* under Rule 10 of this Court's rules. Instead, their argument hinges on a tortured effort to reframe the question from one concerning the rights of copyright co-owners under 17 U.S.C. § 201(a) to one concerning the free alienability of copyright under 17 U.S.C. § 201(d)(1), which provision, as petitioners are forced to concede, the Second Circuit

did not (with good reason) so much as mention in its decision. Pet. 10. Petitioners proceed in this way in the hopes of suggesting, perhaps, that the Second Circuit "has so far departed from the accepted and usual course of judicial proceedings . . . as to call for an exercise of this Court's supervisory power." Sup. Ct. Rules, Rule 10(a). But their effort fails. They begin with the false premise that the right to alienate copyright interests is "unfettered," Pet. 3, and so conclude that any restriction whatsoever on such a right is an unprecedented, "radical judicial reconfiguration[] of the rights of copyright owners" that "should be undertaken, if at all, by Congress." Pet. 4. The argument, of course, ignores the plain fact that Congress both implicitly and expressly left the delineation of the rights of joint copyright owners to the courts and, more specifically, that the right of a single copyright co-owner to grant non-exclusive licenses in a copyrighted work in the *pre-infringement* context without needing the consent of a co-owner is a *court-made doctrine*, not a statutory commandment. Thus, the Second Circuit, in wisely clarifying that that doctrine is limited to the pre-infringement context — where it serves the laudable goal of preventing a single copyright co-owner from holding up the dissemination of copyrighted works — and not extending it to the post-infringement context — where it would only have served to reward and encourage infringement, while punishing diligent copyright co-owners for bothering to pursue their rights — did precisely what Congress expected the courts to do: refine the rights of copyright co-owners with a view to serving the purposes of the Copyright Act.

Petitioners also attempt to concoct a parade of horribles that, they allege, would follow were the Second Circuit's holding in this case to be left undisturbed. In fact, all of the consequences they envision rest on selective disregard of one or another of the restrictions on the scope of the Second Circuit's decision, whether it be that the decision is limited to the *post*-infringement context or that it is limited to the rights of copyright *co-owners*. While the unrestrained legal imagination, with sufficient effort, can undoubtedly elaborate some unappealing scenario that could conceivably arise if the decision is interpreted to apply in various as-yet-unanticipated contexts, this is precisely the danger of seeking this Court's review when there has been, as yet, only one circuit court decision on this issue of first impression. There is ample time for the collective wisdom of the federal judiciary to interpret and clarify the Second Circuit's holding as other cases with similar or distinguishable circumstances make their way up through the courts. Certainly, there is no need for this Court to overturn this appellate court decision — which is one that even petitioners do not suggest is an unfair response to the particular facts of this case — and step in with a definitive pronouncement upon an abstract issue at this germinal stage in the process of the developments in the law in this area. For these reasons, as described further below, the petition for a writ of *certiorari* should be denied.

COUNTER STATEMENT OF FACTS

It is telling that petitioners, in seeking *certiorari*, significantly distort the factual record that is clearly presented in the opinions of both the district and circuit courts. The actual facts pertinent to the issues here presented are as follows.[1]

In 1998, respondent Sharice Davis co-wrote two songs with non-party Bruce Chambliss, the father of defendant Bruce Miller and stepfather of defendant and hip-hop artist Mary J. Blige. A.5. The composition of one of the songs was eye-witnessed by a Hunter College professor, in whose home the songs were written. *Id.* After Ms. Davis performed one of the two songs for Ms. Blige, defendant Bruce Miller, Blige's stepbrother, approached Ms. Davis on Ms. Blige's behalf in an attempt to buy several of Davis's songs, but Davis, an aspiring songwriter in her own right, refused to sell the songs. A.5.

In 2001 Mary J. Blige released an album entitled *No More Drama*. A.4. Two of the songs appearing on that album infringed upon Davis's compositions, with one being virtually identical to the song the writing of which was witnessed by the Hunter College professor. A.4-5. The two songs were credited to, *inter alia*, defendant Bruce Miller. A.5-6. Ms. Davis brought suit to pursue her rights in the songs. A.6.

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1. As the decision petitioners seek this Court to review was the disposition of petitioners' summary judgment motion, all disputed facts are assumed in respondent's favor, just as they were by the courts below.

Petitioners' answers to Ms. Davis's complaint alleged that the songs at issue were independently created by Mr. Miller. A.6. However, Messrs. Miller and Chambliss both admitted during their depositions that Mr. Miller did not, in fact, write the songs. A.6. They contended that Mr. Chambliss wrote them by himself. A.6. In fact, several notebooks contained pages with verses to the songs written both in Mr. Chambliss's and Ms. Davis's handwriting, a fact Mr. Chambliss admitted, but implausibly dismissed as showing places where Davis had added "unauthorized" verses. A.6-7.

Messrs. Miller and Chambliss also testified that they had orally agreed between themselves that Mr. Miller could use Mr. Chambliss's songs. A.7. However, as both the district court and the circuit court found, Messrs. Miller and Chambliss gave inconsistent and sometimes self-contradictory testimony about virtually every aspect of any such oral agreement, including what its purpose may have been, where and when it may have been concluded and what songs it may have covered. A.7-9, 48-49. For these reasons — and contrary to petitioners' misleading suggestions that there was an oral agreement, or that the subsequent written agreements (discussed below) formalized such a prior oral agreement, Pet. 4-5 — no oral agreement may be deemed to exist for purposes of summary judgment. *See also* A.49 ("I conclude a reasonable jury could find an oral agreement never existed between Chambliss and Miller").

Days before filing their motion for summary judgment at the conclusion of discovery, petitioners produced to Ms. Davis two one-page documents

purporting to be retroactive transfers executed by Bruce Chambliss to convey each of the two songs at issue in this case to Bruce Miller for no consideration. A.8-10. The documents were dated June 23, 2004, approximately a month-and-a-half earlier, although Mr. Chambliss's equivocal testimony strongly suggests that they were actually back-dated. *Id.* These "retroactive" agreements were the sole basis for the district court's granting of petitioners' motion for summary judgment. A.49. Failing entirely to consider the distinction between a prospective agreement and a release, the district court woodenly applied the doctrine that "one joint owner may always transfer his interest in the work to a third party." A.52. Following this reasoning, the district court reached what even it described as a "draconian outcome." *Id.*

This is the decision that the Second Circuit overturned in its October 5, 2007 opinion. Specifically the Second Circuit held:

> An owner who wishes to release unilaterally his own accrued claims may do so using whatever language he chooses -- including by calling the negotiated settlement the proverbial 'banana' — but such an agreement cannot have the effect of eviscerating a co-owner's claims based on past copyright infringement, nor can it settle accrued claims held by co-owners who are not themselves parties to the agreement.

A.28. Petitioners then moved for rehearing, or, in the alternative, for rehearing *en banc*. A.59. The Second Circuit denied these motions on March 4, 2008. *Id.*

REASONS FOR DENYING THE PETITION

Petitioners seek this Court's intervention upon this matter of first impression at the circuit court level by suggesting that the Second Circuit's decision in this case usurped the role of Congress and ran afoul of the policies behind the Copyright Act. This is simply false. As demonstrated below, Congress invited courts to delineate the rights of co-authors, and courts have been doing exactly that for over 135 years. As an installment in that long tradition, the Second Circuit's decision has the virtue of being perfectly consistent with (i) the purpose behind the doctrine permitting one co-author to transfer co-authored work to third parties in the pre-infringement context; (ii) the general purposes behind copyright law in discouraging infringement and enhancing predictability of copyright ownership; and (iii) well-established principles from other bodies of law, including tort law, contract law, property law and patent law. For these reasons — and because petitioners have entirely failed to supply anything resembling one of the bases specified in Rule 10 of this Court's rules for granting *certiorari* — the petition should be denied.

I. Petitioners Have Failed to Articulate Any Reason for Granting Certiorari in this Case.

Petitioners urge that *certiorari* should be granted here because the Second Circuit usurped the role of Congress in ruling on an issue that is the subject of explicit statutory authority. Petitioners' argument, however, is specious. The Second Circuit's decision falls squarely in an area that has long been the subject of Congressionally sanctioned judicial elaboration and, what is more, does not represent any significant departure from past decisions in that area.

A. The Copyright Act Leaves It to the Courts to Determine the Rights of Copyright Co-Owners.

As the Second Circuit observes, "the Copyright Act itself is silent on the issue of retroactive transfer or license." A.13-14. As the Second Circuit also observes, the rights of copyright co-owners are not delineated in the Copyright Act. Rather, the only provision that addresses joint ownership of copyrights, 17 U.S.C. § 201(a), states only, without elaboration, that "[t]he authors of a joint work are co-owners of copyright in the work." A.14. Moreover, the official legislative history that addresses 17 U.S.C. § 201(a) specifically directs courts to rely on judge-made law on the subject of tenants in common in filling in the blanks left by the statutory language: "There is . . . no need for a specific statutory provision concerning the rights and duties of the coowners of a work; court-made law on this point is left undisturbed. Under the bill, as under the present law, coowners of a copyright would be treated generally as tenants in common . . . ." H.R. Rep. No. 94-1476, at 121 (1976); *see also* 1 MELVILLE B. NIMMER, ET AL., NIMMER ON COPYRIGHT § 6.09 (2000) ("In determining the rights and duties of joint owners of copyright, the courts analogize to applicable rules relating to joint ownership of real property. In so doing, the relationship between such joint owners is said to be that of a tenancy-in-common"); *Thomson v. Larson*, 147 F.3d 195, 199 (2d Cir. 1998) ("Joint authors co-owning copyright in a work are deemed to be tenants in common"); *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1145 (9th Cir. 2008) (Copyright "co-owners are like tenants in common, each owning a share of the undivided whole"). This is a point that even petitioners are obliged to concede. Pet. 9.

Given Congress's very clear and explicit statement that "there is . . . no need for a specific statutory provision concerning the rights and duties of [copyright] coowners," and that "court-made law on this point is left undisturbed," H.R. Rep. No. 94-1476 at 121, petitioners' suggestion that the Second Circuit, in issuing a ruling concerning the rights of copyright co-owners, somehow usurped the function of Congress is simply outlandish. Rather, as one *Harvard Law Review* article put it, "[t]he concepts of co-ownership of statutory copyright — the ownership by two or more persons of undivided portions of the rights granted by the Copyright Act — have been developed in America *wholly without the aid of Congress*." *Accountability Among Co-Owners of Statutory Copyright*, 72 Harv. L. Rev. 1550, 1550 (1959) (emphasis added). In issuing a decision defining the rights of copyright co-owners, in other words, the Second Circuit did precisely what Congress intended for it to do.

Nor did the Second Circuit's decision go against the weight of judicial authority, since, prior to its decision, there was only a handful of district court decisions on the issue, some arriving at the same conclusion as the Second Circuit's decision, *see, e.g.*, *Encore Entertainment, LLC v. Kiddesigns, Inc.*, No. 3:03 1129, 2005 WL 2249897, at *10 (M.D. Tenn. Sept. 14, 2005); *Leicester v. Warner Bros.*, No. CV95-4058, 1998 WL 34016724, at **5-6 (C.D. Cal. May 29, 1998); *David v. Showtime/The Movie Channel, Inc.*, 697 F. Supp. 752, 763-64 (S.D.N.Y. 1988), and others — none of them containing anything in the way of actual reasoning regarding the similarities or differences between ordinary and "retroactive" licensing — decided the

other way. *See, e.g., Country Road v. MP3.com, Inc.*, 279 F. Supp. 2d 325, 329 (S.D.N.Y. 2003); *Lone Wolf McQuade Assocs. v. CBS, Inc.*, 961 F. Supp. 587, 597 (S.D.N.Y. 1997); *Silberstein v. Fox Entertainment Group, Inc.*, 424 F. Supp. 2d 616, 629 (S.D.N.Y. 2004); *Johnson v. Tuff-n-Rumble Management, Inc.*, No. Civ.A. 99-1374, 2000 WL 1808486, at *1 (E.D. La. Dec. 8, 2000). Thus, the Second Circuit decision was issued in an environment of Congressional silence, with only a bare minimum of divided district court decisions as precedent.

B. Section 201(d)(1) of the Copyright Act Has Nothing to Do with this Dispute.

Petitioners seek to confuse the issue by suggesting that section 201(d)(1) of the Copyright Act, which, tellingly, neither the district court nor the circuit court decision so much as mentioned, is somehow implicated in this case. Section 201(d)(1) states, simply, in relevant part, that "[t]he ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law." 17 U.S.C. § 201(d)(1). That section permits one to transfer what one owns; it in no way sanctions the transfer of *more* than one owns. *See, e.g., Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 (2d Cir. 1981) ("the proprietor of a derivative copyright cannot convey away that which he does not own"). In fact, the latter category of transfer is better known as an infringement, since one who violates an exclusive right of a copyright holder under section 106 of the Copyright Act, such as the right to make transfers, *see* 17 U.S.C. § 106(3), is an infringer under section 501(a) of the Copyright Act. *See also* A.31-32 at

n.13. No surprise, then, that what petitioners refer to as the "free and unfettered alienability of copyright interests," Pet. 3, is, in fact, restricted and fettered in numerous ways where, as here, the rights of third parties are implicated.[2] *See, e.g.*, *Maurel v. Smith*, 271 F. 211, 216 (2d Cir. 1921) ("Where two or more persons have a common interest in a property, equity will not allow one to appropriate it exclusively to himself, or to impair its worth as to others"); *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1146 (9th Cir. 2008) ("unless all the other co-owners joined in granting an exclusive right to Sybersound, TVT, acting solely as a co-owner of the copyright, could grant only a nonexclusive license to Sybersound, because TVT may not limit the other co-owners' independent rights to exploit the copyright"); 1 NIMMER § 6.11 (noting prohibition on one co-owner granting an exclusive license without consent of other co-owners); 1 NIMMER § 6.10[A] (noting that "one joint owner may not unilaterally license a joint work in such manner as to cause the destruction of the work" and that "[s]ome courts have taken the view that a license that permits such extensive use of a copyrighted work as to greatly diminish its value in effect results in a destruction of the work"); *Crosney v. Edward Small Productions*, 52 F. Supp. 559, 561 (S.D.N.Y. 1942) ("One [co-owner of a copyright] cannot bind the interest of another, although he purports to do so, in the absence of assent or ratification upon her part" (internal quotation marks omitted)). Thus, the Second Circuit's

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2. In fact, even where one owns what one wishes to transfer, provisions such as section 204(a) of the Copyright Act restrict the manner in which such a transfer may be effected, *viz.*, in writing. *See* 17 U.S.C. § 204(a).

holding that one copyright co-owner cannot destroy a co-owner's vested infringement claim is entirely consistent with section 201(d)(1).

The right to transfer copyright ownership has, in other words, always been free and unfettered only to the extent that one owns what one desires to transfer and does not trod upon the competing rights of third parties. As such, contrary to petitioners' suggestion, nothing about the Second Circuit's decision implicated any rights guaranteed by section 201(d)(1).

C. The Right of One Co-Owner to Transfer Copyrighted Works Without the Consent of a Co-Owner in the Pre-Infringement Context Is a Judicially Created Doctrine, the Rationale for Which Does Not Apply Post-Infringement.

In addition to the fact that there is no explicit statutory authority bearing upon the area covered by the Second Circuit's decision, it is important to note that the doctrine permitting pre-infringement licensing of a copyrighted work by one co-owner without the other's consent was, from the very beginning, a judicially made rule, first announced in 1874 by the Supreme Court of Maine in the case of *Carter v. Bailey*, 64 Me. 458, 1874 WL 3843 (Me. 1874). The concern animating the decision was that, in the absence of such a rule, a single copyright co-owner, "by withholding his consent [to a license], might practically destroy the value of the whole use" of the work by preventing its exploitation. *Id.* at *4; *see also Accountability Among Co-Owners of Statutory Copyright*, 72 Harv. L. Rev. at 1557 (explaining that concern underlying rule permitting copyright co-owners

to license joint works without consent of other co-owners was "encouraging publication of existing artistic works"). This concern is entirely consistent with the Constitutional mandate to promote the progress of science and useful arts. *See* U.S. CONST. art. 1, § 8.

But when, as in this case, an act of infringement has already taken place, the goal of promoting the progress of science through encouraging publication and exploitation of copyrighted works is no longer advanced by permitting a single copyright co-owner to license the work without receiving his co-owner's consent; the work has already been published and exploited, indeed, exploited all too freely. The Constitutional mandate, in such circumstances, is advanced not by permitting free alienability of copyright but by discouraging infringement, which is precisely what the Second Circuit's decision did, as discussed more fully below. In any event, it is abundantly clear that petitioners' attempt to characterize the Second Circuit's decision as a usurpation of Congress's authority or a departure from long-standing policy is untenable. Petitioners have failed to articulate any basis for invoking this Court's appellate review.

II. The Second Circuit's Decision Is Supported by the Common Law, Patent Law and Sound Policy Considerations.

As petitioners concede, Pet. 12-15, the Second Circuit's decision in this case is grounded in numerous bodies of common law, as well as in patent law, and supported by policy considerations specific to copyright law. Petitioners' attempt to distinguish or dismiss these solid foundations for the decision of the court below is unavailing.

A. The Second Circuit Was Justified in Looking to the Common Law and Patent Law to Support Its Decision.

Petitioners contend that the Second Circuit was wrong to look to the common law and, specifically, to the law of tenants in common — who cannot release the claims of their co-tenants, A.24-25 — to find support for its holding in this case. They assert that "[t]he intangible right of copyright ownership is distinct from real or personal property rights, and is entirely a creature of federal statute."[3] Pet. 12. The glaring flaw in that argument is that the very statutory scheme to which petitioners refer *directed* courts to look to the common law, and particularly the law of tenants in common, to adjudicate the rights of copyright co-owners. *See* Section 1.A. *supra*. Thus, the suggestion that the Second Circuit erred in so doing is a non-starter.

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3. Petitioners make a similar argument regarding the Second Circuit's reliance on contract law, Pet. 12, although they have nothing to say about tort law, on which the Second Circuit also relied. A.26-27. In any event, all these bodies of law were appropriate for the Second Circuit to consider and find guidance in for the simple reason described below.

As for patent law, it is, as the Second Circuit observed, "appropriate to look for guidance" to this body of law where, as here, "precedent in copyright cases is lacking." *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1333 (9th Cir. 1984); *Sony Corp. of Am. v. Universal City Studios*, 464 U.S. 417, 439, 104 S. Ct. 774 (1984). Petitioners suggest that there are pertinent distinctions between copyright law and patent law, and there are distinctions, to be sure. Nor would respondent suggest that patent law offers anything more than a source of guidance and time-tested judicial wisdom regarding the issue at hand. Having said as much, however, it must also be made clear that the distinctions are nowhere near as great as petitioners would have it. Thus, although patent infringement suits, unlike copyright infringement suits, normally require joinder of all patent co-holders, where the patent co-holders have an agreement in place permitting each to bring suit without joining the other (thereby deviating from the default rule), where one of two patent co-holders licenses the patent, the license can only sanction *future* acts of infringement; it *cannot* work retroactively to cure past infringement. *See Schering Corp. v. Roussel-UCLAF SA*, 104 F.3d 341, 345 (Fed. Cir. 1997) ("the grant of a license by one co-owner cannot deprive the other co-owner of the right to sue for accrued damages for past infringement. That would require a release, not a license, and the rights of a patent co-owner, absent agreement to the contrary, do not extend to granting a release that would defeat an action by other co-owners to recover damages for past infringement"); *see also* A.29. Moreover, although joint holders of patents, unlike joint holders of copyrights, have no duty to account to one another for their exploitation of patented inventions,

see 35 U.S.C. § 362 (2004), they are explicitly permitted to contract freely in order to change this rule, *see id.*, and, moreover, although copyright holders, in theory, have a duty to account, in practice, there will always be cases such as the one at bar, where the co-author may be insolvent or may have received an under-the-table payoff, resulting in no duty to account in the real world. Thus, there will be patent cases that are structurally identical to this copyright case. Patent law is, therefore, sufficiently analogous to copyright law to offer support for the Second Circuit's decision.

B. Policy Considerations Support the Second Circuit's Holding.

As the Second Circuit found, permitting the kinds of retroactive transfers that petitioners attempted to perpetrate in this case would undermine the Copyright Act goals of (i) increasing predictability and certainty, and (ii) discouraging infringement. *See* A.30. Petitioners have failed to demonstrate why these concerns are not valid ones, while the policy concerns that they articulate are simply specious.

Permitting retroactive transfers by one copyright co-owner without the other's consent would make litigation far more unpredictable than it inherently is: a plaintiff who had invested time and money in litigating to pursue an infringer could be left, on the eve of trial, without a claim due to a defendant's under-the-table deal to secure a release from another, potentially insolvent, copyright co-owner who has not invested in litigation and might, therefore, be willing to accept a payoff for far less than the value of the given work. *See*

A.33-34. More broadly, as the Second Circuit observed, "one could never reliably and definitively determine if and when an infringement occurred, because an infringement could be 'undone' by the very sort of maneuver attempted by [petitioners] in this case." A.30. Even more broadly,

> one could never know who the pool of authorized users or licensors of a copyright would be at any given time, because a retroactive transfer could always turn an infringer into a potential user or licensor, who would then have the ability to grant his own retroactive licenses or retransfer his new (retroactive) interest retroactively.[4]

A.31.

In addition, instead of punishing infringers for their acts of infringement, a regime where retroactive transfers by a single copyright co-author were permitted would actually reward infringers. In a pre-infringement scenario, despite the fact that licenses from a single copyright co-owner could be technically sufficient to license a work non-exclusively, most would-be-licensees actually get licenses from *all* copyright co-holders. *See* Henry L. Self III, *Settlement of Infringement Claims by Copyright Co-Owners*, 13 Tex.

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4. This is a problem that, of course, might also arise even where *all* co-owners have consented to a retroactive transfer, but the likelihood of unpredictability and mischief, as the present case illustrates, is far greater where a single co-owner's unilateral act is sufficient to effect a retroactive transfer.

Intell. Prop. L.J. 65, 74-75, 78 (2004). This is both because most licensees are eager to insulate themselves from even the possibility of litigation that can result from an undisclosed agreement among the co-authors requiring consent of all for licensing and because many works are exploited worldwide and not just domestically, with most foreign intellectual property regimes requiring consent of all co-owners to license or assign a work. *See id.* After infringement, however, if unilateral releases are permitted, the infringer, rather than negotiating with a dogged plaintiff, would have every incentive to identify the single least financially stable copyright co-owner and make a below-market, under-the-table payoff to such a co-owner in exchange for a release, so that the co-owner would seemingly have nothing to account for later on. As the Second Circuit found, "[t]his economic incentive to infringe runs directly counter to the intent of Congress in passing 17 U.S.C. § 504 — namely to 'compensate the copyright owner for losses from the infringement, and . . . to prevent the infringer from unfairly benefiting from a wrongful act.'" A.34 (citation omitted).

Petitioners do not and cannot respond directly to any of these policy reasons supporting the decision below but, instead, counter that "[m]any mass media concerns, including the music and motion picture industries, depend on securing licenses and assignments from copyright owners." Pet. 14. Petitioners contend that, as a result of the Second Circuit's decision in this case, "an assignment from an undisputed copyright owner provides no assurance that a known or unknown co-owner will not surface to sue for infringement within

the three-year statute of limitations." *Id.* This argument simply fails to take account of the fact that the Second Circuit's holding only applies to *post-infringement* transfers (and only where there are co-owners involved); it is their post-infringement status that makes such transfers retroactive. *See* A.28 (explaining that a license or assignment executed with only one of multiple copyright co-owners "can only act prospectively"). Thus, the Second Circuit's holding in no way impairs the viability of the general pre-infringement rule: a license from a single copyright co-owner is generally sufficient to provide a defense against a claim by another co-owner against the licensee. *See* A.20 (citing, with approval, *McKay v. Columbia Broad. Sys. Inc.*, 324 F.2d 762, 763 (2d Cir. 1963), for the proposition that "a license from a co-holder of a copyright immunizes the licensee from liability to the other co-holder for copyright infringement"). Accordingly, any media concern that negotiates a license with a single copyright co-owner *pre-infringement* is generally immunized from suit by another co-owner, whether disclosed or not.

For this reason, the only situation where petitioners' suggested problem could conceivably arise is *after* infringement has already occurred. To begin with, petitioners surely cannot mean to suggest that media concerns "depend on securing licenses and assignments from copyright owners," Pet. 14, *after those media concerns have already infringed.* If this is a regular practice, it should, by all means, be discouraged. Forcing infringers to negotiate with all co-owners to get a complete release of liability makes perfect sense: it imposes a higher burden on infringers than it does on

ordinary would-be-licensees.[5] The only real issue, then, becomes that of the undisclosed co-owner in a post-infringement scenario. It would, indeed, seem unfair for an infringer-defendant to have negotiated in good faith with every known copyright co-owner and settled their claims only to be faced with a claim by another co-owner emerging out of the woodwork. There are at least two ways to address this concern, neither necessitating this Court's review of the Second Circuit's decision. The first is practical: defendants could (and, of course, already do) secure warranties from settling copyright plaintiffs that those plaintiffs own all rights to the works at issue, and that plaintiffs will indemnify defendants for all costs arising out of subsequent litigation by undisclosed copyright co-owners.[6] The second solution is to wait for the right case to come along, where a court could qualify the Second Circuit's holding and find that the usual pre-

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5. And, in fact, as described above, even ordinary licensees normally strive to secure licenses from *all* copyright co-owners, though U.S. law does not require them to do so, so that infringers — who, otherwise, have no incentive to negotiate with all copyright co-owners — would actually be getting a better deal than licensees if they were not forced to secure the agreement of every copyright co-owner.

6. While imposing an obligation on copyright co-owners to negotiate co-owner agreements in order to avoid the kind of unilateral, retroactive licensing at issue here would be onerous due to the likely lack of legal sophistication and representation of most producers of copyrighted works, *i.e.*, artists, authors, musicians, etc., imposing an obligation on copyright claim defendants to incorporate warranty and indemnification clauses in their settlement agreements poses no such problems, as these are generally sophisticated entities and are, in any event, already represented by counsel in the process of negotiating settlement agreements.

infringement rule concerning licensing by one of multiple copyright co-owners might apply in the case of undisclosed co-owners: such co-owners would only have a claim for an accounting available to them. This result may make some measure of sense because some significant proportion of these undisclosed parties either deliberately chose to avoid disclosing themselves for tactical reasons, or else were not diligent enough to monitor the use of their copyrighted works even to the point of sleeping through a lawsuit concerning those works. As such, speaking of a "vested" right of infringement for such co-owners may be assuming too much; treating these co-owners like ordinary pre-infringement co-owners may be perfectly appropriate. In any event, this is a rather arcane issue that does not cry out for an immediate resolution and certainly does not expose a glaring flaw in the Second Circuit's decision, as petitioners might have hoped.

Similarly, petitioners' concern that the Second Circuit's decision would fly in the face of the doctrines permitting a transfer of copyright to confer standing retroactively or to validate prior oral understandings, Pet. 16, is unfounded. The Second Circuit's decision would not deprive a *sole* copyright owner, or, for that matter, *all* the owners of a jointly held copyright acting together, of the ability to retroactively do whatever they please, including conferring the right to sue for infringement upon a licensee. It is only when a single co-owner aims to speak, retroactively, for all that a problem arises. *See* A.28 ("An owner who wishes to release unilaterally his own accrued claims may do so using whatever language he chooses — including by calling the negotiated settlement the proverbial

'banana' — but such an agreement cannot have the effect of eviscerating a co-owner's claims based on past copyright infringement, nor can it settle accrued claims held by co-owners who are not themselves parties to the agreement"). In order to have standing to sue, however, one must own that exclusive right, and, as described in Section I.A. above, the consent of all copyright owners was, even prior to the Second Circuit's decision in this case, necessary to confer an exclusive right. *See also Sybersound Records, Inc.*, 517 F.3d at 1145-46 (finding that a single copyright co-owner could not possibly confer standing to sue upon the would-be-plaintiff without the consent of the other co-owners "because [the licensing co-owner] may not limit the other co-owners' independent rights to exploit the copyright"). Thus, the Second Circuit's decision did not effect any change in this regard.

Nor did the decision foreclose the right to use a subsequent written ratification to validate a prior oral understanding transferring copyrighted works. A sole copyright owner may still ratify whatever he wishes to ratify, and even one of several copyright co-owners may ratify a prior oral understanding in writing, so long as the ratification is completed *prior to* infringement. This is perfectly sensible and consistent both with the general aims of enhancing predictability and discouraging infringement and prior caselaw, which has expressed suspicion of written transfers that come long after an alleged prior oral agreement. *See, e.g., Konigsberg Int'l Inc. v. Rice*, 16 F.3d 355, 357 (9th Cir. 1994) (holding that writing executed a year-and-a-half after alleged oral agreement and six months after initiation of litigation could not serve to ratify prior oral agreement for

purposes of satisfying "in writing" requirement); *Fleming v. Miles*, 181 F. Supp. 2d 1143, 1158 (D. Ore. 2001) (finding writing executed almost three years after alleged oral agreement and after almost a year of litigation not to ratify oral agreement for purposes of satisfying "in writing" requirement). Thus, petitioners may rest easy knowing that writings will continue to validate prior oral copyright transfers; after there has been infringement, however, the consent of *all* copyright co-owners will be necessary in order to prevent such subsequent "ratifications" from serving as contrivances to avoid copyright liability.

CONCLUSION

Petitioners have failed to show any reason why this Court should grant *certiorari* to review the Second Circuit's decision in a case of first impression for any circuit court. Contrary to petitioners' unsupported assertions, the decision of the Court of Appeals in this case did not usurp the prerogatives of Congress or run afoul of any statutory right but, rather, took up a legislative invitation to continue a long-standing practice of judicial elaboration of the rights of copyright co-owners. Moreover, the decision was well supported by relevant common law, patent law and, most importantly, fundamental, critical policies underlying the Copyright Act itself. The petition should be denied.

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No. 07-1516

IN THE

Supreme Court of the United States

MARY J. BLIGE, BRUCE MILLER, RONALD LAWRENCE, DANA STINSON, AUSAR MUSIC, MARY J. BLIGE PUBLISHING, BRUCE MILLER PUBLISHING, MARY J. BLIGE MUSIC, DAYNA S. DAY PUBLISHING, WARNER-TAMERLANE PUBLISHING CORP., UMG RECORDINGS, INC., UNIVERSAL STUDIOS, INC., UNIVERSAL MUSIC PUBLISHING, INC., and UNIVERSAL MUSIC & VIDEO DISTRIBUTION CORP.,

Petitioners,

v.

SHARICE DAVIS,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

REPLY BRIEF

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STATEMENT PURSUANT TO RULE 29.6

Petitioners' corporate disclosure statement was set forth at page *ii* of their Petition for a Writ of Certiorari, and there are no amendments to that statement.

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REPLY BRIEF OF PETITIONERS

Respondent's opposition to *certiorari* is fatally premised on her selective reading of the legislative history of the 1976 Copyright Act. Respondent contends that when the Court of Appeals for the Second Circuit ruled that a license or transfer of a copyright could not act retroactively to defeat the accrued infringement claim of a co-owner, it merely fulfilled a Congressional directive for the courts to define the rights of co-owners of copyright.

Respondent partially quotes H.R. Rep. No. 94-1476 (1976) at 121, Brief in Opposition at 8, 9, where Congress stated:

> There is no need for a specific statutory provision concerning the rights and duties of the coowners of a work; **court-made law on this point is left undisturbed**. Under the bill, as under the present law, coowners of a copyright would be treated generally as tenants in common . . . . (emphasis added).

Respondent's emphasis on "court-made law" in the legislative history ignores the specific statutory grant of free alienability of copyright to all owners in §201(d), rendering a separate grant to joint owners superfluous. Her attempts to conflate the judicially created right to grant non-exclusive licenses with the freedom of alienation contained in §201(d), Brief in Opposition at 2, 12, cannot obscure or alter the fact that the latter right is statutory, not court-made. Respondent's statement that there is no explicit statutory authority bearing upon

the area covered by the Second Circuit's decision is erroneous. *Id.* at 12. The quoted passage does not contain any authorization for the courts to demarcate or re-define the rights of co-owners of copyright. Rather, Congress expressed its satisfaction with the law regarding the rights of co-owners as it stood and which, in its words, was "left undisturbed." That law, in the legislative language that Respondent fails to include, entailed "each coowner having an independent right to use or license the use of a work, subject to a duty of accounting to the other coowners for any profits." *Id.* Prior to the decision below, there was no court-made law limiting the alienability of copyright or restricting the right of an owner to compromise an infringement claim.

The Second Circuit however, curtailed the right of a co-owner to independently license or transfer a copyrighted work when another owner has an accrued infringement claim, and ruled that the previously recognized right to an accounting was no longer a sufficient remedy in such circumstances. The non-licensing or non-transferring owner is now afforded a "vested right" in an infringement claim and is no longer limited to pursuing an accounting claim against her co-owner.

To the extent that Congress made reference to "court-made law," it expressed its approval with the existing state of the law. At the time of the 1976 Copyright Act, the law was well developed that joint owners of copyright possessed the right to grant non-exclusive licenses in a copyrighted work without

obtaining the consent of co-owners. *Meredith v. Smith*, 145 F.2d 620, 621 (9th Cir. 1944); *Edward B. Marks Music Corp. v. Jerry Vogel Music Co.*, 140 F.2d 266, 268 (2d Cir. 1944); *Piantadosi v. Loew's, Inc.*, 137 F.2d 534, 536-37 (9th Cir. 1943); *Klein v. Beach*, 232 F. 240, 247 (S.D.N.Y. 1916), *aff'd on other grounds*, 239 F. 108 (2d Cir. 1917).

Moreover, the House Judiciary Committee commissioned a study that concluded that the right of one co-owner to license the work without the consent of co-owners was the distinguishing feature of American copyright law with respect to joint ownership of copyrights. G. D. Cary, Joint Ownership of Copyrights, Copyright Law Revision, Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Senate Committee on the Judiciary, Study No. 12, 86th Cong. 1st Sess., Studies 11-13, at 105 (H. Jud. Comm. 1960). Congress left undisturbed this state of the law.

Except for the rare circumstance where a license resulted in a destruction of the copyright, prior to the opinion of the court below, there was no restriction on the right of a co-owner of copyright to exploit the work herself or to grant a nonexclusive license to third parties. "That right is unconditional." *Williams v. Arc Music Corp.*, 121 F.3d 720 (9th Cir. 1997) (unpublished) at *2. Similarly, Congress, and not Petitioners, referred to the "unlimited alienability" of copyright as codified at 17 U.S.C. §201(d). H.R. Rep. No. 94-1476, 123 (1976). Congress did not contemplate a two-tier, pre-infringement/post-infringement system, where an owner's right to transfer or license her property is

entirely dependent upon whether her co-owner has an accrued claim for copyright infringement.

The Second Circuit's ruling that a co-owner with an accrued copyright infringement claim may trump her co-owner's right to license or transfer her property is at variance with several provisions of the Act. Contrary to Respondent's argument, Brief in Opposition at 9, the ruling below assumes a legislative function. Indeed, the right to pursue or settle a claim for copyright infringement is not among the statutorily defined exclusive rights, 17 U.S.C. §106, which may only be conveyed by all co-owners. Under the regimen established by the court below, an infringement claim cannot be fully settled without the participation and consent of all co-owners and is now equivalent to an exclusive right. Only Congress can create an exclusive right under the Act.

Pursuant to §201(d), a co-owner's rights are fully transferable and entitled "to all of the protection and remedies accorded to the copyright owner by this title." Under the ruling below, such rights are now no longer fully alienable or fully protected because they are limited and subject to defeasance by the rights of co-owners with pre-existing infringement claims.

Congress also did not consider a copyright co-owner to be an indispensable party to a claim for infringement, 17 U.S.C. §501(b), as the court below recognized. A-16-17. Nevertheless, by its decision, the Second Circuit has effectively amended the statute to make all owners indispensable parties to a full resolution of an infringement claim. Congress alone has the power to effect such amendment of the Act.

While the court below ran roughshod over key provisions of the Act, it derived its decision from other areas of law. Respondent acknowledges that there are "pertinent distinctions" between patent and copyright law that make reliance on one body of law inappropriate for the other. Brief in Opposition at 15. Specifically, Respondent concedes that, unlike copyright, patent infringement cases require joinder of all patent holders, and there is no duty among joint patent holders to account to each other. Respondent suggests that these rules may be altered by private contract among the patent holders. Respondent overlooks the fact that until the ruling by the court below, the issue raised in this case was similarly obviated by private contract for at least sixty years. Thus, in *Meredith v. Smith*, *supra*, the Ninth Circuit explained that there was an agreement that "neither of the copyright owners would give a permit to a third person to use the copyright without the permission of the other . . . ." 145 F.2d 621. *See also* 1 Melvin B. Nimmer & David Nimmer, Nimmer on Copyright, §6.11 (2005).

Permitting parties to privately contract to prohibit alienation or licensing without mutual consent is a more modest and sensible approach than changing the manner in which numerous industries have hitherto routinely conducted their business, which the court below radically altered when it broadly outlawed retroactive assignments and licenses. Respondent's disapproval of assignments and licenses that are obtained after there has been an otherwise infringing use of a work, Brief in Opposition at 19, does not alter the fact that retroactive transfers are commonplace.

Straus v. DVC Worldwide, Inc., 484 F. Supp. 2d 620, 632 (S.D. Tex. 2007) (providing for higher fees for retroactive licenses in photography industry); *Stehrenbertger v. R.J. Reynolds Tobacco Holdings, Inc.*, 335 F. Supp. 2d 466, 467 (S.D.N.Y. 2004) (discussing graphic artists' use of retroactive license fees). *See also* "Mary J. Blige: No More Retroactive Copyright Licensing Drama," 25 WTR Ent. & Sports Law (Winter 2008) 11, 12; "No More Drama? The Past, Present, and Potential Future of Retroactive Transfers of Copyright Ownership," 18 DePaul J. Art, Tech. & Intell. Prop. L. 127, 133 (2007).

The Second Circuit's opinion not only fails to address the commercial realities of exploitation of copyrighted works, it proceeds from the erroneous assumptions that all infringements are inherently evil and that non-licensing owners are benevolently motivated. There are many degrees of infringement, including inadvertent, innocent or expedient uses that before now were readily corrected through retroactive assignments or licenses. By contrast, a copyright owner may withhold her consent to an assignment or license for malicious or entirely mercenary motives. Contrary to the Second Circuit's assumption that an infringer could cheaply bargain for a lower price from an owner willing to grant a retroactive assignment or license, in practice transferees pay a premium for retroactive transfers. *Straus v. DVC Worldwide, Inc., supra*; *Stehrenbertger v. R.J. Reynolds Tobacco Holdings, Inc., supra.* Nevertheless, it is impossible to reconcile the court below's preference for one co-owner's accrued infringement claims over her co-owner's freedom to assign or license the copyrighted work under the auspices of the constitutional mandate of promoting the

"progress of Science and the useful arts." U.S. Const., art. 1, §8, cl. 8.

Respondent does not challenge the confusion and serious consequences that will befall potential assignees and licensees of copyrighted works if the opinion below is permitted to stand. She offers that these consequences may be avoided through future cases limiting the scope of the ruling. Brief in Opposition at 3. Acknowledging the difficulties transferees will encounter in identifying all of the owners of exclusive rights, Respondent suggests that the ruling should not apply to co-owners who do not diligently reveal their identity in accordance with some unspecified time frame. Respondent decrees that these dilatory co-owners are undeserving of the vested right of infringement, and, as to those copyright holders, the law should revert to the standards that prevailed before the court below ruled, which limit such co-owners to an accounting. Brief in Opposition at 21. Respondent's bifurcated view underscores the flaw in the Second Circuit's decision to permit statutorily created rights to fluctuate according to the rights of co-owners to maintain infringement claims.

The Second Circuit's opinion has effected a material reversal in the law of joint ownership of copyright that is without support in the Act, its legislative history or copyright precedents. Limitations on the rights of copyright owners should be undertaken by Congress, not the courts, *Stewart v. Abend*, 495 U.S. 207, 216 (1990), a judicial admonition that has particular resonance when Congress has indicated in the legislative history its reluctance to alter the prevailing law with respect to the very rights in question.

Certiorari is clearly warranted here to consider an important question of federal law that has not been, but should be, settled by this Court and which conflicts with relevant decisions of this Court on the separation of powers with respect to the interpretation of the Act. *Eldred v. Ashcroft*, 536 U.S. 186, 211 (2003).

CONCLUSION

The Petition for Writ of Certiorari should be granted.

Respectfully submitted,

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